

AMENDED IN ASSEMBLY JUNE 5, 2014

**SENATE BILL**

**No. 1247**

**Introduced by Senator Lieu**  
(Principal coauthor: Assembly Member Bonilla)

February 20, 2014

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An act to amend ~~Section 94950 of the Education Code~~, *Section 27 of the Business and Professions Code*, to amend Sections 94800.5, 94801, 94802, 94804, 94808, 94809, 94809.5, 94813, 94816, 94829, 94838, 94847, 94861, 94874, 94874.1, 94874.7, 94874.8, 94875, 94876, 94877, 94878, 94879, 94881, 94882, 94883, 94884, 94885, 94887, 94888, 94890, 94891, 94892, 94893, 94895, 94896, 94897, 94898, 94900.7, 94904, 94909, 94910, 94911, 94913, 94920, 94921, 94923, 94924, 94926, 94927, 94927.5, 94928, 94929, 94929.5, 94929.7, 94929.8, 94930, 94930.5, 94931.5, 94932, 94932.5, 94933, 94933.5, 94934, 94935, 94936, 94937, 94938, 94939, 94941, 94942, 94943, 94943.5, 94944, 94944.5, 94944.6, 94945, 94948, and 94950 of, to amend the heading of Article 5 (commencing with Section 94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of, to add Sections 94818.5, 94874.2, 94875.5, and 94929.9 to, to repeal Sections 94803, 94805, 94820, and 94833 of, and to repeal and add Sections 94880 and 94949 of, the *Education Code*, relating to private postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1247, as amended, Lieu. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides for the regulation of private postsecondary educational institutions by the Bureau for Private Postsecondary Education in the

Department of Consumer Affairs. ~~Existing law repeals that act on January 1, 2015. The act exempts an institution from its provisions, if any of a list of specific criteria are met.~~

*This bill would recast and revise various provisions of the act. The bill would establish the Board for Private Postsecondary Education as a successor agency to the bureau on July 1, 2015. The bill would remove the exemption from its provisions for an institution that is approved to participate in veterans financial aid programs pursuant to a specified federal law, and that is not an independent institution of higher education, thereby making the act applicable to the institution.*

*The bill would require the board, beginning July 1, 2015, to, among other things, contract with the Office of the Attorney General to establish a process for board staff to be trained to investigate complaints filed with the board, post specified information on its Internet Web site, establish a task force to identify standards for specified educational and training programs and provide a report to the Legislature regarding those programs, and adopt minimum operating standards for an institution that ensure, among other things, that an institution offering a degree is accredited and that an unaccredited institution offering a degree satisfies certain requirements. The bill would require the board to submit a report to the Legislature, on or before October 1, 2015, on its efforts to streamline the process by which an institution is approved or denied by the board for an approval to operate, to submit a report to the Legislature relating to an independent review of its staffing resources, and to contract with the Office of the Attorney General for investigative and prosecutorial services if certain conditions are satisfied.*

*The bill would make other technical and conforming changes.*

*The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.*

*This bill would require those regulations to ensure that students are eligible for payment from the fund in specified circumstances.*

*Existing law repeals that act on January 1, 2015.*

*This bill would instead repeal that act on January 1, 2019 2017, thus extending the operation of the act by 4 2 years.*

~~The act establishes the Student Tuition Recovery Fund under the administration of the bureau, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.~~

By extending the operation of ~~this~~ *the Student Tuition Recovery Fund*, a continuously appropriated fund, this bill would make an appropriation.

Under existing law, the act specifies conduct by regulated institutions that, if undertaken, is a crime.

Because this bill would extend the application of those criminal provisions, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 27 of the Business and Professions Code  
2     is amended to read:  
3     27. (a) Each entity specified in subdivisions (c), (d), and (e)  
4     shall provide on the Internet information regarding the status of  
5     every license issued by that entity in accordance with the California  
6     Public Records Act (Chapter 3.5 (commencing with Section 6250)  
7     of Division 7 of Title 1 of the Government Code) and the  
8     Information Practices Act of 1977 (Chapter 1 (commencing with  
9     Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).  
10    The public information to be provided on the Internet shall include  
11    information on suspensions and revocations of licenses issued by  
12    the entity and other related enforcement action, including  
13    accusations filed pursuant to the Administrative Procedure Act  
14    (Chapter 3.5 (commencing with Section 11340) of Part 1 of  
15    Division 3 of Title 2 of the Government Code) taken by the entity  
16    relative to persons, businesses, or facilities subject to licensure or  
17    regulation by the entity. The information may not include personal  
18    information, including home telephone number, date of birth, or  
19    social security number. Each entity shall disclose a licensee's  
20    address of record. However, each entity shall allow a licensee to  
21    provide a post office box number or other alternate address, instead

1 of his or her home address, as the address of record. This section  
2 shall not preclude an entity from also requiring a licensee, who  
3 has provided a post office box number or other alternative mailing  
4 address as his or her address of record, to provide a physical  
5 business address or residence address only for the entity's internal  
6 administrative use and not for disclosure as the licensee's address  
7 of record or disclosure on the Internet.

8 (b) In providing information on the Internet, each entity specified  
9 in subdivisions (c) and (d) shall comply with the Department of  
10 Consumer Affairs Guidelines for Access to Public Records.

11 (c) Each of the following entities within the Department of  
12 Consumer Affairs shall comply with the requirements of this  
13 section:

14 (1) The Board for Professional Engineers, Land Surveyors, and  
15 Geologists shall disclose information on its registrants and  
16 licensees.

17 (2) The Bureau of Automotive Repair shall disclose information  
18 on its licensees, including auto repair dealers, smog stations, lamp  
19 and brake stations, smog check technicians, and smog inspection  
20 certification stations.

21 (3) The Bureau of Electronic and Appliance Repair, Home  
22 Furnishings, and Thermal Insulation shall disclose information on  
23 its licensees and registrants, including major appliance repair  
24 dealers, combination dealers (electronic and appliance), electronic  
25 repair dealers, service contract sellers, and service contract  
26 administrators.

27 (4) The Cemetery and Funeral Bureau shall disclose information  
28 on its licensees, including cemetery brokers, cemetery salespersons,  
29 cemetery managers, crematory managers, cemetery authorities,  
30 crematories, cremated remains disposers, embalmers, funeral  
31 establishments, and funeral directors.

32 (5) The Professional Fiduciaries Bureau shall disclose  
33 information on its licensees.

34 (6) The Contractors' State License Board shall disclose  
35 information on its licensees and registrants in accordance with  
36 Chapter 9 (commencing with Section 7000) of Division 3. In  
37 addition to information related to licenses as specified in  
38 subdivision (a), the board shall also disclose information provided  
39 to the board by the Labor Commissioner pursuant to Section 98.9  
40 of the Labor Code.

1 (7) The ~~Bureau~~ *Board* for Private Postsecondary Education shall  
2 disclose information on private postsecondary institutions under  
3 its jurisdiction, including disclosure of notices to comply issued  
4 pursuant to Section 94935 of the Education Code.

5 (8) The California Board of Accountancy shall disclose  
6 information on its licensees and registrants.

7 (9) The California Architects Board shall disclose information  
8 on its licensees, including architects and landscape architects.

9 (10) The State Athletic Commission shall disclose information  
10 on its licensees and registrants.

11 (11) The State Board of Barbering and Cosmetology shall  
12 disclose information on its licensees.

13 (12) The State Board of Guide Dogs for the Blind shall disclose  
14 information on its licensees and registrants.

15 (13) The Acupuncture Board shall disclose information on its  
16 licensees.

17 (14) The Board of Behavioral Sciences shall disclose  
18 information on its licensees, including marriage and family  
19 therapists, licensed clinical social workers, licensed educational  
20 psychologists, and licensed professional clinical counselors.

21 (15) The Dental Board of California shall disclose information  
22 on its licensees.

23 (16) The State Board of Optometry shall disclose information  
24 regarding certificates of registration to practice optometry,  
25 statements of licensure, optometric corporation registrations, branch  
26 office licenses, and fictitious name permits of its licensees.

27 (17) The Board of Psychology shall disclose information on its  
28 licensees, including psychologists, psychological assistants, and  
29 registered psychologists.

30 (d) The State Board of Chiropractic Examiners shall disclose  
31 information on its licensees.

32 (e) The Structural Pest Control Board shall disclose information  
33 on its licensees, including applicators, field representatives, and  
34 operators in the areas of fumigation, general pest and wood  
35 destroying pests and organisms, and wood roof cleaning and  
36 treatment.

37 (f) “Internet” for the purposes of this section has the meaning  
38 set forth in paragraph (6) of subdivision (f) of Section 17538.

39 *SEC. 2. Section 94800.5 of the Education Code is amended to*  
40 *read:*

94800.5. Whenever a reference is made to the former Private Postsecondary Education and Student Protection Act, the former Private Postsecondary and Vocational Education Reform Act of 1989, or the former Chapter 7 (commencing with Section 94700) of Part 59 of Division 10 of Title 3 of the Education Code, as it read on June 30, 2007, by the provisions of any statute or regulation, it shall be construed as referring to the provisions of this chapter. Whenever a reference is made to the former Bureau for Private Postsecondary and Vocational Education, *or the Bureau for Private Postsecondary Education*, by the provisions of any statute or regulation, it shall be construed as referring to the ~~Bureau~~ Board for Private Postsecondary Education.

SEC. 3. Section 94801 of the Education Code is amended to read:

94801. The Legislature finds and declares all of the following:

(a) ~~In 2007, 2013, more than 400,000~~ 300,000 Californians attended more than ~~1,500~~ 1,100 private postsecondary schools in California.

(b) Private postsecondary schools can complement the public education system and help develop a trained workforce to meet the demands of California businesses and the economy; *however, concerns about the value of degrees and diplomas issued by private postsecondary schools, and the lack of protections for private postsecondary school students and consumers of those schools' services, have highlighted the need for strong state-level oversight of private postsecondary schools.*

(c) Numerous reports and studies have concluded that California's previous attempts at regulatory oversight of private postsecondary schools *have consistently* failed to ensure student protections or provide effective oversight of private postsecondary schools. ~~Previous laws and regulatory oversight were allowed to expire on June 30, 2007, with some skeletal functions, continued by urgency legislation, that were allowed to expire on June 30, 2008.~~

(d) It is the intent of the Legislature in ~~enacting this chapter establishing the Board for Private Postsecondary Education for two years~~ to ensure all of the following:

(1) Minimum educational quality standards and opportunities for success for California students attending private postsecondary schools in California.

1 (2) Meaningful student protections through essential avenues  
2 of recourse for students.

3 (3) A regulatory structure that provides for an appropriate level  
4 of oversight.

5 (4) A regulatory governance structure that ensures that all  
6 stakeholders have a voice and are heard in policymaking by the  
7 ~~new bureau created by this chapter~~ board.

8 (5) A regulatory governance structure that provides for  
9 accountability and oversight by the Legislature through program  
10 monitoring and periodic reports.

11 (6) Prevention of the deception of the public that results from  
12 conferring, and use of, fraudulent or substandard degrees.

13 (e) The Legislature advises future policymakers to continually  
14 and carefully evaluate this chapter and its administration and  
15 enforcement. Where there are deficiencies in the law or regulatory  
16 oversight, the Governor and the Legislature should act quickly to  
17 correct them.

18 *SEC. 4. Section 94802 of the Education Code is amended to*  
19 *read:*

20 94802. ~~(a)~~—An institution that had a valid approval to operate  
21 on June 30, 2007, issued by the former Bureau for Private  
22 Postsecondary and Vocational Education pursuant to former  
23 Chapter 7 (commencing with Section 94700) of Part 59 of Division  
24 10 of Title 3 of the Education Code, as it read on June 30, 2007,  
25 shall maintain that approval under this chapter. For the purposes  
26 of this chapter, the approval to operate shall be valid for three  
27 calendar years after the expiration date of the approval, as it read  
28 on June 30, 2007.

29 ~~(b)~~ Applications to renew an approval to operate that had been  
30 pending action before the former Bureau for Private Postsecondary  
31 and Vocational Education on June 30, 2007, shall be deemed  
32 processed as follows:

33 ~~(1)~~ Applications received prior to January 1, 2006, shall be  
34 granted an approval to operate until 2012 to coincide with the  
35 anniversary date of the current approval to operate date.

36 ~~(2)~~ Applications received after January 1, 2006, shall be granted  
37 an approval to operate until 2013 to coincide with the anniversary  
38 date of the current approval to operate.

39 ~~(c)~~ Students seeking to enroll in institutions approved under  
40 subdivision (b) shall be notified in writing by the institution, prior

1 to executing an enrollment agreement, that, although the institution  
2 was approved to operate by the former Bureau for Private  
3 Postsecondary and Vocational Education, the institution's  
4 application for reapproval to operate has not been reviewed by the  
5 bureau pursuant to this chapter.

6 *SEC. 5. Section 94803 of the Education Code is repealed.*

7 94803. The bureau shall, by emergency regulation, amend, and  
8 repeal as necessary, the regulations, as they read on June 30, 2007,  
9 in Division 7.5 (commencing with Section 70000) of Title 5 of the  
10 California Code of Regulations, to conform to this chapter no later  
11 than February 1, 2010. These emergency regulations shall become  
12 permanent through the regular rulemaking process within one year  
13 of the enactment of this chapter.

14 *SEC. 6. Section 94804 of the Education Code is amended to*  
15 *read:*

16 94804. (a) Each unresolved matter submitted to the former  
17 Bureau for Private Postsecondary and Vocational Education prior  
18 to July 1, 2007, shall be deemed to remain pending before the  
19 bureau board irrespective of any applicable deadlines. With respect  
20 to any deadline applicable to a pending matter, no time shall be  
21 deemed to have elapsed from July 1, 2007, to January 1, 2010,  
22 inclusive.

23 (1) For the purposes of this subdivision, "matter" includes, but  
24 is not limited to, an appeal, a complaint, a claim, an evaluation, a  
25 hearing, or an investigation.

26 (2) For the purposes of this subdivision, "matter" does not  
27 include a Student Tuition Recovery Fund claim.

28 (b) Student complaints submitted from July 1, 2007, to  
29 December 31, 2009, inclusive, shall continue to be duly recorded  
30 and investigated by the bureau board.

31 *SEC. 7. Section 94805 of the Education Code is repealed.*

32 94805. For the performance of the duties and exercise of the  
33 powers vested in the bureau, the bureau shall have possession and  
34 control of all records, papers, offices, equipment, supplies, or other  
35 property, real or personal, held for the benefit or use by the former  
36 Bureau for Private Postsecondary and Vocational Education.

37 *SEC. 8. Section 94808 of the Education Code is amended to*  
38 *read:*

39 94808. (a) Any Student Tuition Recovery Fund claims received  
40 by the former Bureau for Private Postsecondary and Vocational



1 Education prior to July 1, 2007, that were not processed by the  
2 former Bureau for Private Postsecondary and Vocational Education  
3 and were not paid by the Department of Consumer Affairs from  
4 July 1, 2007, to June 30, 2008, inclusive, shall be processed by  
5 the ~~bureau~~ board.

6 (b) Any Student Tuition Recovery Fund claims received by the  
7 Department of Consumer Affairs from July 1, 2007, to December  
8 31, 2009, inclusive, shall be processed by the ~~bureau~~ board.

9 (c) Student Tuition Recovery Fund claims filed with, and  
10 approved by, the former Bureau for Private Postsecondary and  
11 Vocational Education as of June 30, 2007, if not already paid, shall  
12 be paid before any claims approved after that date.

13 (d) The student's right to recovery from the Student Tuition  
14 Recovery Fund shall be based on the law that was in effect when  
15 the student enrolled and a fee for the fund was charged as a part  
16 of tuition costs, even though that law has become inoperative, been  
17 repealed, or otherwise expired.

18 *SEC. 9. Section 94809 of the Education Code is amended to*  
19 *read:*

20 94809. (a) (1) An institution that had an application for an  
21 approval to operate pending with the former Bureau for Private  
22 Postsecondary and Vocational Education on June 30, 2007, may  
23 continue to operate *until a decision is made in regard to the*  
24 *institution regarding the application for approval to operate*, but  
25 shall comply with, and is subject to, this chapter, and shall submit  
26 an application for an approval to operate to the ~~bureau~~ board  
27 pursuant to this chapter within six months of that application  
28 becoming available.

29 (2) If the ~~bureau~~ board determines that the application for an  
30 approval to operate that was pending with the former Bureau for  
31 Private Postsecondary and Vocational Education on June 30, 2007,  
32 satisfies the requirements of the new application for an approval  
33 to operate, the submission of the previous application may be  
34 deemed to satisfy the requirements of this subdivision.

35 (b) An institution that did not have a valid approval to operate  
36 issued by, and did not have an application for approval to operate  
37 pending with, the former Bureau for Private Postsecondary and  
38 Vocational Education on June 30, 2007, that began operations on  
39 or after July 1, 2007, may continue to operate *unless a denial of*  
40 *approval to operate has been issued and has become final*, but

1 shall comply with, and is subject to, this chapter, and shall submit  
2 an application for an approval to operate to the bureau pursuant  
3 to this chapter within six months of that application becoming  
4 available chapter.

5 (c) Students seeking to enroll in institutions approved operating  
6 under subdivisions (a) and (b) shall be notified by the institution,  
7 in writing and prior to executing an enrollment agreement, that  
8 the institution's application for approval to operate has not been  
9 reviewed by the bureau board.

10 (d) An institution that is permitted to operate pursuant to  
11 subdivision (a) or (b) shall not use the terms "approval,"  
12 "approved," "approval to operate," or "approved to operate"  
13 without clearly stating that the institution's application for approval  
14 has not been reviewed by the bureau board.

15 (e) (1) *An institution that is denied an approval to operate*  
16 *pursuant to subdivision (a) or (b) may file an appeal pursuant to*  
17 *the procedures established in Section 94888.*

18 (2) *An institution that has filed an appeal may continue to*  
19 *operate during the appeal process but must disclose in a written*  
20 *statement approved by the board, to the public and all current and*  
21 *prospective students, that the institution's application for approval*  
22 *to operate was denied by the board because the board has*  
23 *determined the application did not satisfy minimum requirements*  
24 *for educational capacity, that the institution is appealing the*  
25 *board's decision, and that the loss of the appeal may result in the*  
26 *institution's closure.*

27 (3) *If the board determines that the continued operation of an*  
28 *institution poses a significant risk of harm to students, the board*  
29 *shall make an emergency decision pursuant to Section 94938.*

30 SEC. 10. *Section 94809.5 of the Education Code is amended*  
31 *to read:*

32 94809.5. Notwithstanding any other provision of law:

33 (a) For any claims that a student had based on a violation of the  
34 Private Postsecondary and Vocational Education Reform Act of  
35 1989 on or before June 30, 2007, the period of time from June 30,  
36 2007, to December 31, 2009, inclusive, shall be excluded in  
37 determining the deadline or the statute of limitation for filing any  
38 claim with the bureau board or a lawsuit based on any claim.

39 (b) All claims described in subdivision (a), except claims to the  
40 Student Tuition Recovery Fund, including those contained in a

lawsuit or other legal action, shall be determined or adjudicated based on the law that was in effect when the violations or events took place, even though those provisions have become inoperative, been repealed, or otherwise expired.

*SEC. 11. Section 94813 of the Education Code is amended to read:*

94813. “Accredited” means an institution is ~~recognized or approved~~ *accredited* by an accrediting agency recognized by the United States Department of Education.

*SEC. 12. Section 94816 of the Education Code is amended to read:*

94816. “Applicant” means an institution that has submitted an application to the ~~bureau~~ *board* for an approval to operate or for a renewal of an approval to operate. *An applicant shall be the owner of an institution. Approvals to operate shall be issued to applicants.*

*SEC. 13. Section 94818.5 is added to the Business and Professions Code, to read:*

94818.5. “Board” means the Board for Private Postsecondary Education.

*SEC. 14. Section 94820 of the Education Code is repealed.*

~~94820. “Bureau” means the Bureau for Private Postsecondary Education in the Department of Consumer Affairs.~~

*SEC. 15. Section 94829 of the Education Code is amended to read:*

94829. “Default” means failure of a borrower and endorser, if any, to make an installment payment for a loan received under the federal student financial aid programs when due, or to meet other terms of the promissory note, provided that this failure persists for 270 days if payment is due monthly or 360 days if payment is due less frequently. *For purposes of this section, “endorser” means an individual who signs a promissory note and agrees to repay the loan in the event that the borrower does not.*

*SEC. 16. Section 94833 of the Education Code is repealed.*

~~94833. “Director” means the Director of Consumer Affairs.~~

*SEC. 17. Section 94838 of the Education Code is amended to read:*

94838. “Educational program approval” means authorization by the ~~bureau~~ *board*, another government agency of this state, or

1 a federal government agency, to provide educational programs,  
2 and is an element of an approval to operate.

3 *SEC. 18. Section 94847 of the Education Code is amended to*  
4 *read:*

5 94847. “License and examination preparation” means  
6 instruction designed to assist students to prepare for an examination  
7 for licensure, or offered for the sole purpose of providing  
8 continuing education in subjects licensees are required to take as  
9 a condition of continued licensure. “*License and examination*  
10 *preparation*” does not include an educational program designed  
11 *to instruct students in the field of the licensure examination.*

12 *SEC. 19. Section 94861 of the Education Code is amended to*  
13 *read:*

14 94861. “Reporting period” means the institution’s fiscal year  
15 or any yearly period designated by the ~~bureau~~ board to be covered  
16 in the institution’s annual report.

17 *SEC. 20. Section 94874 of the Education Code is amended to*  
18 *read:*

19 94874. ~~The~~ Except as provided in Section 94874.2, the  
20 following are exempt from this chapter:

21 (a) An institution that offers solely avocational or recreational  
22 educational programs.

23 (b) An institution offering educational programs sponsored by  
24 a bona fide trade, business, professional, or fraternal organization,  
25 solely for that organization’s membership.

26 (c) A postsecondary educational institution established, operated,  
27 and governed by the federal government or by this state or its  
28 political subdivisions.

29 (d) An institution offering either of the following:

30 (1) Test preparation for examinations required for admission to  
31 a postsecondary educational institution.

32 (2) Continuing education or license examination preparation,  
33 if the institution or the program is approved, certified, or sponsored  
34 by any of the following:

35 (A) A government agency, other than the ~~bureau~~ board, that  
36 licenses persons in a particular profession, occupation, trade, or  
37 career field.

38 (B) A state-recognized professional licensing body, such as the  
39 State Bar of California, that licenses persons in a particular  
40 profession, occupation, trade, or career field.

1 (C) A bona fide trade, business, or professional organization.

2 (e) (1) An institution owned, controlled, and operated and  
3 maintained by a religious organization lawfully operating as a  
4 nonprofit religious corporation pursuant to Part 4 (commencing  
5 with Section 9110) of Division 2 of Title 1 of the Corporations  
6 Code, that meets all of the following requirements:

7 (A) The instruction is limited to the principles of that religious  
8 organization, or to courses offered pursuant to Section 2789 of  
9 Business and Professions Code.

10 (B) The diploma or degree is limited to evidence of completion  
11 of that education.

12 (2) An institution operating under this subdivision shall offer  
13 degrees and diplomas only in the beliefs and practices of the  
14 church, religious denomination, or religious organization.

15 (3) An institution operating under this subdivision shall not  
16 award degrees in any area of physical science.

17 (4) Any degree or diploma granted under this subdivision shall  
18 contain on its face, in the written description of the title of the  
19 degree being conferred, a reference to the theological or religious  
20 aspect of the degree's subject area.

21 (5) A degree awarded under this subdivision shall reflect the  
22 nature of the degree title, such as "associate of religious studies,"  
23 "bachelor of religious studies," "master of divinity," or "doctor of  
24 divinity."

25 (f) An institution that does not award degrees and that solely  
26 provides educational programs for total charges of two thousand  
27 five hundred dollars (\$2,500) or less when no part of the total  
28 charges is paid from state or federal student financial aid programs.  
29 The ~~bureau~~ *board* may adjust this cost threshold based upon the  
30 California Consumer Price Index and post notification of the  
31 adjusted cost threshold on its Internet Web site, as the ~~bureau~~ *board*  
32 determines, through the promulgation of regulations, that the  
33 adjustment is consistent with the intent of this chapter.

34 (g) A law school that is accredited by the Council of the Section  
35 of Legal Education and Admissions to the Bar of the American  
36 Bar Association or a law school or law study program that is  
37 subject to the approval, regulation, and oversight of the Committee  
38 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the  
39 Business and Professions Code.

(h) A nonprofit public benefit corporation that satisfies all of the following criteria:

(1) Is qualified under Section 501(c)(3) of the United States Internal Revenue Code.

(2) Is organized specifically to provide workforce development or rehabilitation services.

(3) Is accredited by an accrediting organization for workforce development or rehabilitation services recognized by the Department of Rehabilitation.

(i) An institution that is accredited by the Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges, or the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges.

(j) An institution that satisfies all of the following criteria:

(1) The institution has been accredited, for at least 10 years, by an accrediting agency that is recognized by the United States Department of Education.

(2) The institution has operated continuously in this state for at least 25 years.

(3) During its existence, the institution has not filed for bankruptcy protection pursuant to Title 11 of the United States Code.

(4) The institution's cohort default rate on guaranteed student loans does not exceed 10 percent for the most recent three years, as published by the United States Department of Education.

(5) The institution maintains a composite score of 1.5 or greater on its equity, primary reserve, and net income ratios, as provided under Section 668.172 of Title 34 of the Code of Federal Regulations.

(6) The institution provides a pro rata refund of unearned institutional charges to students who complete 75 percent or less of the period of attendance.

(7) The institution provides to all students the right to cancel the enrollment agreement and obtain a refund of charges paid through attendance at the second class session, or the 14th day after enrollment, whichever is later.

(8) The institution submits to the ~~bureau~~ *board* copies of its most recent IRS Form 990, the institution's Integrated

1 Postsecondary Education Data System Report of the United States  
2 Department of Education, and its accumulated default rate.

3 (9) The institution is incorporated and lawfully operates as a  
4 nonprofit public benefit corporation pursuant to Part 2  
5 (commencing with Section 5110) of Division 2 of Title 1 of the  
6 Corporations Code and is not managed or administered by an entity  
7 for profit.

8 (k) Flight instruction providers or programs that provide flight  
9 instruction pursuant to Federal Aviation Administration regulations  
10 and meet both of the following criteria:

11 (1) The flight instruction provider or program does not require  
12 students to enter into written or oral contracts of indebtedness.

13 (2) The flight instruction provider or program does not require  
14 *or accept* prepayment of instruction-related costs in excess of two  
15 thousand five hundred dollars (\$2,500).

16 *SEC. 21. Section 94874.1 of the Education Code is amended*  
17 *to read:*

18 94874.1. (a) ~~An~~ *Except as provided in Section 94874.2, an*  
19 *institution that is accredited by a regional accrediting agency that*  
20 *is recognized by the United States Department of Education, and*  
21 *is not an agency described in subdivision (i) of Section 94874, is*  
22 *exempt from this chapter, except Article 14 (commencing with*  
23 *Section 94923).*

24 (b) This section shall remain in effect only until January 1, 2016,  
25 and as of that date is repealed, unless a later enacted statute, that  
26 is enacted before January 1, 2016, deletes or extends that date.

27 *SEC. 22. Section 94874.2 is added to the Education Code, to*  
28 *read:*

29 94874.2. *An institution that is approved to participate in*  
30 *veterans' financial aid programs pursuant to Section 21.4253 of*  
31 *Title 38 of the Code of Federal Regulations that is not an*  
32 *independent institution of higher education, as defined in*  
33 *subdivision (b) of Section 66010, may not claim an exemption from*  
34 *this chapter.*

35 *SEC. 23. Section 94874.7 of the Education Code is amended*  
36 *to read:*

37 94874.7. ~~The bureau board~~ shall establish, by regulation, a  
38 process pursuant to which an institution that is exempt from this  
39 chapter may request, and obtain, from the ~~bureau board~~ verification  
40 that the institution is exempt. ~~The bureau board~~ shall establish a

1 reasonable fee to reimburse the ~~bureau's~~ *board's* costs associated  
2 with the implementation of this section.

3 *SEC. 24. Section 94874.8 of the Education Code is amended*  
4 *to read:*

5 94874.8. (a) An institution exempt from all or part of this  
6 chapter pursuant to subdivision (i) or (j) of Section 94874 or  
7 Section 94874.1 may apply to the ~~bureau~~ *board* for an approval  
8 to operate pursuant to this section, but only subject to all of the  
9 following provisions:

10 (1) The ~~bureau~~ *board* may approve the operation of an institution  
11 that is exempt from all or part of this chapter as specified above  
12 in accordance with the authority granted pursuant to Article 6  
13 (commencing with Section 94885). Upon issuing an approval to  
14 operate to an institution pursuant to this section, the ~~bureau~~ *board*  
15 is authorized to regulate that institution through the full set of  
16 powers granted, and duties imposed, by this chapter, as those  
17 powers and duties would apply to an institution that is not exempt  
18 from this chapter.

19 (2) Notwithstanding any other law, upon issuance of an approval  
20 to operate pursuant to this section, the institution is no longer  
21 eligible for exemption, from the provisions of this chapter pursuant  
22 to subdivision (i) or (j) of Section 94874 or Section 94874.1, unless  
23 authorized by subsequent legislation.

24 (3) Upon issuance of an approval to operate pursuant to this  
25 section, an institution is subject to all provisions of this chapter,  
26 and any regulations adopted pursuant to this chapter, that apply to  
27 an institution subject to this chapter, except as expressly provided  
28 in paragraph (4).

29 (4) (A) With respect to the placement and salary or wage data  
30 required to be collected, calculated, and reported by Article 16  
31 (commencing with Section 94928), an institution issued an  
32 approval to operate pursuant to this section is not required to report  
33 on its first School Performance Fact Sheet any data from the period  
34 prior to the date of the issuance of the approval to operate that the  
35 institution was not required to collect and does not have available  
36 to it. An institution shall, however, report available data collected  
37 and calculated in accordance with this chapter and applicable  
38 regulations, regardless of the purpose for which the data was  
39 collected. If the required data is unavailable, the institution shall  
40 also disclose the unavailability of the data on all documents



required by this chapter and regulations adopted pursuant to this chapter. Upon receiving an approval to operate pursuant to this section, an institution shall commence to collect and calculate all information necessary to comply with Article 16 (commencing with Section 94928).

(B) An institution receiving an approval to operate pursuant to this section shall provide to prospective students the School Performance Fact Sheet, file that fact sheet with the ~~bureau~~ board, and post it on the institution's Internet Web site no later than the first August 1 after the institution is approved to operate and no later than August 1 of each year thereafter. These School Performance Fact Sheets shall report data for the previous two calendar years based upon the number of students who began the program or the number of graduates for each reported calendar year. If two calendar years have not passed since the issuance of the approval to operate by the August 1 deadline for the School Performance Fact Sheet, unless data for two years is available, the institution shall report the required data for the period subsequent to the date of the issuance of the notice of approval.

(b) An institution exempt from all or part of this chapter pursuant to subdivision (i) or (j) of Section 94874 or Section 94874.1 that was approved to operate by the ~~bureau~~ board before the effective date of this section shall be deemed to have been approved pursuant to this section.

*SEC. 25. The heading of Article 5 (commencing with Section 94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of the Education Code is amended to read:*

Article 5. ~~Bureau~~-Board Powers and Duties

*SEC. 26. Section 94875 of the Education Code is amended to read:*

94875. ~~The Bureau for Private Postsecondary Education, as established by Section 6 of Chapter 635 of the Statutes of 2007, is continued in existence and shall commence operations. This chapter establishes the functions and responsibilities of the bureau, for the purposes of Section 6 of Chapter 635 of the Statutes of 2007.~~

(a) The ~~bureau~~ board shall regulate private postsecondary educational institutions through the powers granted, and duties

1 imposed, by this chapter. In exercising its powers, and performing  
2 its duties, the protection of the public shall be the ~~bureau's~~ *board's*  
3 highest priority. If protection of the public is inconsistent with  
4 other interests sought to be promoted, the protection of the public  
5 shall be paramount. *The board shall consist of 11 members*  
6 *appointed as follows:*

7 *(1) Three members, who shall have a demonstrated record of*  
8 *advocacy on behalf of consumers, one appointed by the Governor,*  
9 *one by the Senate Committee on Rules, and one by the Speaker of*  
10 *the Assembly.*

11 *(2) Two members, who shall be current or former students of*  
12 *institutions, appointed by the Governor.*

13 *(3) Three members, who shall be representatives of institutions,*  
14 *appointed by the Governor.*

15 *(4) Two public members with experience or expertise in*  
16 *postsecondary education, appointed by the Governor.*

17 *(5) One public member with knowledge or expertise in emerging*  
18 *fields of employment, appointed by the Governor.*

19 *(b) A person who was a member of the former Advisory*  
20 *Committee to the Bureau for Private Postsecondary Education,*  
21 *established pursuant to Section 94880, as that section read on*  
22 *January 1, 2014, is eligible to be appointed to the board pursuant*  
23 *to subdivision (a).*

24 *SEC. 27. Section 94875.5 is added to the Education Code, to*  
25 *read:*

26 *94875.5. Notwithstanding any other provision of this chapter,*  
27 *the Bureau for Private Postsecondary Education shall continue*  
28 *in existence and administer the provisions of this chapter until*  
29 *July 1, 2015. As of that date, the bureau shall cease operations,*  
30 *and the board shall assume all authority, including the powers,*  
31 *functions, and jurisdiction until then vested in the bureau. The*  
32 *board may enforce all disciplinary actions undertaken by the*  
33 *bureau. For the performance of these duties and exercise of these*  
34 *powers, the board shall have possession and control of all records,*  
35 *papers, offices, equipment, supplies, or other property, real or*  
36 *personal, held for the benefit of or use by the bureau.*

37 *SEC. 28. Section 94876 of the Education Code is amended to*  
38 *read:*

1     ~~94876. (a) The powers and duties set forth in this chapter are~~  
2 ~~vested in the Director of Consumer Affairs, who may delegate~~  
3 ~~them to a bureau chief, subject to the provisions of this section.~~

4     ~~94876. (a) The bureau chief executive officer of the board~~  
5 shall be appointed by the Governor, subject to confirmation by the  
6 Senate *Committee on Rules*, and is exempt from the State Civil  
7 Service Act pursuant to Part 2 (commencing with Section 18500)  
8 of Division 5 of Title 2 of the Government Code.

9     ~~(e) Each power granted to, or duty imposed upon, the bureau~~  
10 ~~under this chapter shall be exercised and performed in the name~~  
11 ~~of the bureau, subject to any conditions and limitations the director~~  
12 ~~may prescribe. The bureau chief may delegate any powers or duties~~  
13 ~~to a designee.~~

14     ~~(d) As may be necessary to carry out this chapter, the director,~~  
15 ~~in accordance with the State Civil Service Act, may appoint and~~  
16 ~~fix the compensation of personnel.~~

17     ~~(b) The executive officer of the board shall exercise the powers~~  
18 ~~and perform the duties delegated by the board.~~

19     ~~SEC. 29. Section 94877 of the Education Code is amended to~~  
20 ~~read:~~

21     ~~94877. (a) The bureau board shall adopt, on or before January~~  
22 ~~1, 2011, and shall enforce, enforce regulations to implement this~~  
23 chapter pursuant to the Administrative Procedure Act in Chapter  
24 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
25 Title 2 of the Government Code.

26     ~~(b) The bureau board shall develop and implement an~~  
27 enforcement program, pursuant to Article 18 (commencing with  
28 Section 94932) to implement this chapter. The enforcement  
29 program shall include a plan for investigating complaints filed  
30 with the ~~bureau~~ board. *The board shall contract with the Office*  
31 *of the Attorney General to establish a process for the board's staff*  
32 *to be trained to investigate complaints, including, but not limited*  
33 *to, the information, evidence, and materials needed to process*  
34 *complaints.*

35     ~~(c) The bureau board shall establish a program to proactively~~  
36 identify unlicensed institutions, identify material or repeated  
37 violations of this chapter and regulations implementing this chapter,  
38 and take all appropriate legal action.

39     ~~(d) The board shall, by January 1, 2016, initiate the process~~  
40 ~~and procedures governing its approval or denial of applications~~

1 *for approval to operate in accordance with board regulations*  
2 *adopted pursuant to Section 94888, for every application pending*  
3 *as of January 1, 2015.*

4 *SEC. 30. Section 94878 of the Education Code is amended to*  
5 *read:*

6 94878. (a) ~~On or before June 30, 2010, the bureau~~ *The board*  
7 *shall establish an Internet Web site that includes at least all of the*  
8 *following information:*

9 (1) ~~An explanation of the bureau's transition plan for the~~  
10 ~~reconstituted bureau and an explanation of the bureau's board's~~  
11 ~~scope of authority.~~

12 (2) (A) A directory of approved institutions, and a link, if  
13 feasible, to the Internet Web site of each institution.

14 (B) For each institution, the directory shall be developed in a  
15 manner that allows the user to search by institution and shall  
16 include all of the following information:

17 (i) The status of the institution's approval to operate.

18 (ii) The information provided by the institutions including, but  
19 not limited to, the annual report, as required by Section 94934,  
20 including the school catalog and the Student Performance Fact  
21 Sheet. The Student Performance Fact Sheet shall be maintained  
22 on the directory for at least five years after the date of its  
23 submission to the ~~bureau~~ *board*.

24 (iii) The disciplinary history of the institution, which shall  
25 include, but shall not be limited to, all of the following:

26 (I) Pending formal accusations filed by the ~~bureau~~ *board*.

27 (II) Suspensions, revocations, citations, fines, infractions,  
28 probations, pending litigation filed by the ~~bureau~~ *board*, and final  
29 judgments resulting from litigation filed by the ~~bureau~~ *board*.

30 (III) Pending or final criminal cases filed by the Attorney  
31 General, a city attorney, a district attorney, or a federal law  
32 enforcement official, of which the ~~bureau~~ *board* has received  
33 notice.

34 (IV) Final administrative actions by the United State Department  
35 of Education, including orders requiring restitution to students.

36 (V) Final disciplinary actions by an accreditation agency, of  
37 which the ~~bureau~~ *board* has received notice pursuant to Section  
38 94934.

39 (b) ~~The bureau board~~ *shall maintain the Internet Web site*  
40 *described in subdivision (a). The bureau board shall ensure that*

1 the information specified in subdivision (a) is kept current. The  
2 ~~bureau board~~ shall update the Internet Web site at least annually,  
3 to coincide with the submission of annual reports by the institutions  
4 pursuant to Section 94934.

5 ~~(e) In addition to maintaining the Internet Web site described~~  
6 ~~in subdivision (a), the bureau shall provide the information~~  
7 ~~described in paragraph (2) of subdivision (a) to the California~~  
8 ~~Postsecondary Education Commission (CPEC), and the CPEC~~  
9 ~~shall include that information in an Internet Web site directory of~~  
10 ~~school performance data maintained by the CPEC. To the extent~~  
11 ~~possible, the bureau shall provide this information consistent with~~  
12 ~~the information collected for reporting to the Integrated~~  
13 ~~Postsecondary Education Data System of the United States~~  
14 ~~Department of Education, including institutional characteristics,~~  
15 ~~completion, annual enrollment, and graduation rates.~~

16 *(c) (1) The board shall post on its Internet Website a list of all*  
17 *institutions that were denied approval to operate, and describe in*  
18 *clear and conspicuous language the reason the institution was*  
19 *denied approval. The board shall include the statement provided*  
20 *in paragraph (2) on its Internet Web site.*

21 *(2) "The following institutions were denied approval to operate*  
22 *by the Board for Private Postsecondary Education for failing to*  
23 *satisfy the standards relating to educational quality, or consumer*  
24 *protection, or both. These unlicensed institutions are not operating*  
25 *in compliance with the law, and students are strongly discouraged*  
26 *from attending these institutions."*

27 *SEC. 31. Section 94879 of the Education Code is amended to*  
28 *read:*

29 94879. The ~~bureau board~~ shall conduct an outreach program  
30 to secondary school students as well as prospective and current  
31 private postsecondary students, to provide them with information  
32 on how to best select a private postsecondary institution, how to  
33 enter into enrollment agreements, how to make informed decisions  
34 in the private postsecondary education marketplace, and how to  
35 contact the ~~bureau board~~ for assistance. The ~~bureau board~~ may  
36 accomplish the purposes of this section in cooperation with ~~the~~  
37 ~~department~~ *other state or local entities, or both.*

38 *SEC. 32. Section 94880 of the Education Code is repealed.*

1     ~~94880. (a) There is within the bureau a 12-member advisory~~  
2 ~~committee. On or before July 1, 2010, the members of the~~  
3 ~~committee shall be appointed as follows:~~

4     ~~(1) Three members, who shall have a demonstrated record of~~  
5 ~~advocacy on behalf of consumers, of which the Director of~~  
6 ~~Consumer Affairs, the Senate Committee on Rules, and the Speaker~~  
7 ~~of the Assembly shall each appoint one member.~~

8     ~~(2) Two members, who shall be current or past students of~~  
9 ~~institutions, appointed by the Director of Consumer Affairs.~~

10    ~~(3) Three members, who shall be representatives of institutions,~~  
11 ~~appointed by the Director of Consumer Affairs.~~

12    ~~(4) Two members, which shall be employers that hire students,~~  
13 ~~appointed by the Director of Consumer Affairs.~~

14    ~~(5) One public member appointed by the Senate Committee on~~  
15 ~~Rules.~~

16    ~~(6) One public member appointed by the Speaker of the~~  
17 ~~Assembly.~~

18    ~~(b) The advisory committee shall advise the bureau with respect~~  
19 ~~to matters relating to private postsecondary education and the~~  
20 ~~administration of this chapter, including annually reviewing the~~  
21 ~~fee schedule, licensing, and enforcement provisions of this chapter.~~

22    ~~(c) The bureau shall actively seek input from, and consult with,~~  
23 ~~the advisory committee regarding the development of regulations~~  
24 ~~to implement this chapter.~~

25    ~~SEC. 33. Section 94880 is added to the Education Code, to~~  
26 ~~read:~~

27    ~~94880. (a) (1) The board shall establish a task force to~~  
28 ~~determine standards for educational and training programs~~  
29 ~~specializing in innovative subject matters and instructing students~~  
30 ~~in high demand technology fields for which there is a demonstrated~~  
31 ~~shortage of skilled employees. The members of the task force may~~  
32 ~~include high technology employers, students of short-term focused~~  
33 ~~high technology training programs, and providers of high~~  
34 ~~technology training in subjects including, but not necessarily~~  
35 ~~limited to, programming, software development, computer science,~~  
36 ~~and coding.~~

37    ~~(2) (A) The board shall provide a report to the Legislature~~  
38 ~~regarding educational and training programs subject to paragraph~~  
39 ~~(1), and the institutions offering those programs, no later than~~

1 *January 1, 2016. The report shall include the board's evaluation*  
2 *of all of the following:*

3 *(i) Whether students attending these institutions should receive*  
4 *certain disclosures prior to enrollment in a program.*

5 *(ii) Whether the means of reporting student outcomes and the*  
6 *content of those reports are appropriate.*

7 *(iii) Whether institutions that satisfy certain criteria should be*  
8 *regulated by the board and by this chapter.*

9 *(iv) The steps the board and the state may take to promote the*  
10 *growth of high-quality training programs in skills for high*  
11 *technology occupations.*

12 *(B) (i) The requirement for submitting a report imposed under*  
13 *this paragraph is inoperative on January 1, 2019, pursuant to*  
14 *Section 10231.5 of the Government Code.*

15 *(ii) A report to be submitted pursuant to this paragraph shall*  
16 *be submitted in compliance with Section 9795 of the Government*  
17 *Code.*

18 *(b) For an institution that is offering high technology training*  
19 *in programming, software development, computer science, or*  
20 *coding, and that is in the process of complying with this chapter*  
21 *through an application for approval to operate from the board,*  
22 *the board may defer processing the institution's application until*  
23 *January 1, 2016.*

24 *SEC. 34. Section 94881 of the Education Code is amended to*  
25 *read:*

26 *94881. The ~~bureau~~ board may conduct workshops to provide*  
27 *applicants and institutions information on application processes,*  
28 *compliance with this chapter, best practices for providing*  
29 *postsecondary educational programs, and other subjects concerning*  
30 *postsecondary education.*

31 *SEC. 35. Section 94882 of the Education Code is amended to*  
32 *read:*

33 *94882. The ~~bureau~~ board may empanel visiting committees to*  
34 *assist in evaluating an institution's application for an approval to*  
35 *operate. The members of visiting committees shall serve at no*  
36 *expense to the state, except that the ~~bureau~~ board may reimburse*  
37 *the members of visiting committees for actual travel and per diem*  
38 *expenses incurred during the evaluation. The ~~bureau~~ board may*  
39 *seek reimbursement for the travel and per diem costs from the*  
40 *institution that is the subject of an evaluation.*

1     *SEC. 36. Section 94883 of the Education Code is amended to*  
2     *read:*

3     94883. (a) Any individual serving on a visiting committee  
4     who provides information to the ~~bureau~~ *board*, or its staff, in the  
5     course of evaluating any institution, or who testifies in any  
6     administrative hearing arising under this chapter, is entitled to a  
7     defense and indemnification in any action arising out of the  
8     information or testimony provided as if he or she were a public  
9     employee.

10    (b) Any defense and indemnification shall be solely with respect  
11    to the action pursuant to Article 4 (commencing with Section 825)  
12    of Chapter 1 of Part 2 of, and Part 7 (commencing with Section  
13    995) of Division 3.6 of Title 1 of, the Government Code.

14    *SEC. 37. Section 94884 of the Education Code is amended to*  
15    *read:*

16    94884. The ~~bureau~~ *board* is subject to Section 27 of the  
17    Business and Professions Code.

18    *SEC. 38. Section 94885 of the Education Code is amended to*  
19    *read:*

20    94885. The ~~bureau~~ *board* shall, ~~by January 1, 2011,~~ adopt by  
21    regulation minimum operating standards for an institution that  
22    shall reasonably ensure that all of the following occur:

23    (a) The content of each educational program can achieve its  
24    stated objective.

25    (b) The institution maintains specific written standards for  
26    student admissions for each educational program and those  
27    standards are related to the particular educational program.

28    (c) The facilities, instructional equipment, and materials are  
29    sufficient to enable students to achieve the educational program's  
30    goals.

31    (d) The institution maintains a withdrawal policy and provides  
32    refunds.

33    (e) The directors, administrators, and faculty are properly  
34    qualified.

35    (f) The institution is financially sound and capable of fulfilling  
36    its commitments to students.

37    (g) That, upon satisfactory completion of an educational  
38    program, the institution gives students a document signifying the  
39    degree or diploma awarded.



1 (h) Adequate records and standard transcripts are maintained  
2 and are available to students.

3 (i) The institution is maintained and operated in compliance  
4 with this chapter and all other applicable ordinances and laws.

5 (j) *(1) An institution offering a degree is accredited by an*  
6 *accrediting agency recognized by the United States Department*  
7 *of Education.*

8 *(2) An unaccredited institution offering a degree that is*  
9 *approved to operate by the bureau as of January 1, 2015, shall*  
10 *have until January 1, 2016, to obtain and provide evidence of its*  
11 *candidacy or preaccreditation status with an accrediting agency*  
12 *recognized by the United States Department of Education, and to*  
13 *obtain and provide evidence of accreditation from that accrediting*  
14 *agency on or before January 1, 2017.*

15 *SEC. 39. Section 94887 of the Education Code is amended to*  
16 *read:*

17 94887. An approval to operate shall be granted only after an  
18 applicant has presented sufficient evidence to the ~~bureau~~ board,  
19 and the ~~bureau~~ board has independently verified the information  
20 provided by the applicant through site visits or other methods  
21 deemed appropriate by the ~~bureau~~ board, that the applicant has  
22 the capacity to satisfy the minimum operating standards. The  
23 ~~bureau~~ board shall deny an application for an approval to operate  
24 if the application does not satisfy those standards.

25 *SEC. 40. Section 94888 of the Education Code is amended to*  
26 *read:*

27 94888. (a) The ~~bureau~~ board shall, ~~by January 1, 2011,~~ adopt  
28 by regulation both of the following:

29 (1) The process and procedures whereby an institution seeking  
30 approval to operate may apply for and obtain an approval to  
31 operate.

32 (2) The process and procedures governing the ~~bureau's~~ board's  
33 approval and denial of applications for approval to operate,  
34 including the process and procedures whereby an applicant for  
35 which an application has been denied may appeal that denial.

36 (b) The ~~bureau~~ board shall, by regulation, establish a process  
37 for issuing a notification of a denial of an approval to operate to  
38 an institution that submits an application for approval to operate  
39 and for which that application is denied. The notification of denial  
40 shall include a statement of reasons for the denial.

1     *SEC. 41. Section 94890 of the Education Code is amended to*  
2     *read:*

3     94890. (a) (1) ~~The bureau board~~ shall grant an institution that  
4     is accredited an approval to operate by means of its accreditation.

5     (2) ~~The bureau board shall, by January 1, 2011, adopt by~~  
6     regulation; the process and procedures whereby an institution that  
7     is accredited may apply for and obtain an approval by means of  
8     that accreditation.

9     (b) The term of an approval to operate pursuant to this section  
10    shall be coterminous with the term of accreditation. Upon renewal  
11    of the institution's accreditation, the institution shall submit  
12    verification to the ~~bureau board~~, on a form provided by the ~~bureau~~  
13    board, that the institution's accreditation has been renewed.

14    (c) Institutions that are granted an approval to operate by means  
15    of the institution's accreditation shall comply with all other  
16    applicable requirements in this chapter.

17    *SEC. 42. Section 94891 of the Education Code is amended to*  
18    *read:*

19    94891. (a) ~~The bureau board shall, by January 1, 2011, adopt~~  
20    by regulation the process and procedures whereby an institution  
21    may obtain a renewal of an approval to operate.

22    (b) To be granted a renewal of an approval to operate, the  
23    institution shall demonstrate its continued capacity to meet the  
24    minimum operating standards.

25    (c) (1) *An institution that is denied renewal of an approval to*  
26    *operate may file an appeal in accordance with the procedures*  
27    *established by the board pursuant to Section 94888.*

28    (2) *An institution that has filed an appeal of a denial of a*  
29    *renewal application may continue to operate during the appeal*  
30    *process, but must disclose in a written statement, approved by the*  
31    *board, to the public and all current and prospective students, that*  
32    *the institution's application for renewal of approval to operate*  
33    *was denied by the board because the board determined the*  
34    *application did not satisfy minimum requirements for educational*  
35    *capacity, that the institution is appealing the board's decision,*  
36    *and that the loss of the appeal may result in the institution's*  
37    *closure.*

38    (3) *If the board determines that the continued operation of the*  
39    *institution during the appeal process poses a significant risk of*

1 *harm to students, the board shall make an emergency decision*  
2 *pursuant to its authority provided in Section 94938.*

3 *SEC. 43. Section 94892 of the Education Code is amended to*  
4 *read:*

5 94892. If an agency of this state other than the ~~bureau~~ board  
6 or of the federal government provides an approval to offer an  
7 educational program and the institution already has a valid approval  
8 to operate issued by the ~~bureau~~ board, that agency's educational  
9 program approval may satisfy the requirements of this article  
10 without any further review by the ~~bureau~~ board. The ~~bureau~~ board  
11 may incorporate that educational program into the institution's  
12 approval to operate when the ~~bureau~~ board receives documentation  
13 signifying the conferral of the educational program approval by  
14 that agency.

15 *SEC. 44. Section 94893 of the Education Code is amended to*  
16 *read:*

17 94893. If an institution intends to make a substantive change  
18 to its approval to operate, the institution shall receive prior  
19 authorization from the ~~bureau~~ board. Except as provided in  
20 subdivision (a) of Section 94896, if the institution makes the  
21 substantive change without prior ~~bureau~~ board authorization, the  
22 institution's approval to operate may be suspended or revoked.

23 *SEC. 45. Section 94895 of the Education Code is amended to*  
24 *read:*

25 94895. The ~~bureau~~ board shall, ~~by January 1, 2011,~~ adopt by  
26 regulation the process and procedures whereby an institution shall  
27 seek authorization for substantive changes to an approval to  
28 operate.

29 *SEC. 46. Section 94896 of the Education Code is amended to*  
30 *read:*

31 94896. (a) An institution that has been granted an approval to  
32 operate by means of accreditation shall only make a substantive  
33 change in accordance with the institution's accreditation standards.

34 (b) The institution shall notify the ~~bureau~~ board of the  
35 substantive change on a form provided by the ~~bureau~~ board.

36 *SEC. 47. Section 94897 of the Education Code is amended to*  
37 *read:*

38 94897. An institution shall not do any of the following:

39 (a) Use, or allow the use of, any reproduction or facsimile of  
40 the Great Seal of the State of California on a diploma.

- 1 (b) Promise or guarantee employment, or otherwise overstate  
2 the availability of jobs upon graduation.
- 3 (c) Advertise concerning job availability, degree of skill, or  
4 length of time required to learn a trade or skill unless the  
5 information is accurate and not misleading.
- 6 (d) Advertise, or indicate in promotional material, without  
7 including the fact that the educational programs are delivered by  
8 means of distance education if the educational programs are so  
9 delivered.
- 10 (e) Advertise, or indicate in promotional material, that the  
11 institution is accredited, unless the institution has been accredited  
12 by an accrediting agency.
- 13 (f) Solicit students for enrollment by causing an advertisement  
14 to be published in “help wanted” columns in a magazine,  
15 newspaper, or publication, or use “blind” advertising that fails to  
16 identify the institution.
- 17 (g) Offer to compensate a student to act as an agent of the  
18 institution with regard to the solicitation, referral, or recruitment  
19 of any person for enrollment in the institution, except that an  
20 institution may award a token gift to a student for referring an  
21 individual, provided that the gift is not in the form of money, no  
22 more than one gift is provided annually to a student, and the gift’s  
23 cost is not more than one hundred dollars (\$100).
- 24 (h) Pay any consideration to a person to induce that person to  
25 sign an enrollment agreement for an educational program.
- 26 (i) Use a name in any manner improperly implying any of the  
27 following:
- 28 (1) The institution is affiliated with any government agency,  
29 public or private corporation, agency, or association if it is not, in  
30 fact, thus affiliated.
- 31 (2) The institution is a public institution.
- 32 (3) The institution grants degrees, if the institution does not  
33 grant degrees.
- 34 (j) In any manner make an untrue or misleading change in, or  
35 untrue or misleading statement related to, a test score, grade or  
36 record of grades, attendance record, record indicating student  
37 completion, placement, employment, salaries, or financial  
38 information, including any of the following:
- 39 (1) A financial report filed with the ~~bureau~~ board.

1 (2) Information or records relating to the student's eligibility  
2 for student financial aid at the institution.

3 (3) Any other record or document required by this chapter or  
4 by the ~~bureau~~ board.

5 (k) Willfully falsify, destroy, or conceal any document of record  
6 while that document of record is required to be maintained by this  
7 chapter.

8 (l) Use the terms "approval," "approved," "approval to operate,"  
9 or "approved to operate" without stating clearly and conspicuously  
10 that approval to operate means compliance with state standards as  
11 set forth in this chapter. If the ~~bureau~~ board has granted an  
12 institution approval to operate, the institution may indicate that  
13 the institution is "licensed" or "licensed to operate," but may not  
14 state or imply either of the following:

15 (1) The institution or its educational programs are endorsed or  
16 recommended by the state or by the ~~bureau~~ board.

17 (2) The approval to operate indicates that the institution exceeds  
18 minimum state standards as set forth in this chapter.

19 (m) Direct any individual to perform an act that violates this  
20 chapter, to refrain from reporting unlawful conduct to the ~~bureau~~  
21 board or another government agency, or to engage in any unfair  
22 act to persuade a student not to complain to the ~~bureau~~ board or  
23 another government agency.

24 (n) Compensate an employee involved in recruitment,  
25 enrollment, admissions, student attendance, or sales of educational  
26 materials to students on the basis of a commission, commission  
27 draw, bonus, quota, or other similar method related to the  
28 recruitment, enrollment, admissions, student attendance, or sales  
29 of educational materials to students, except as provided in  
30 paragraph (1) or (2):

31 (1) If the educational program is scheduled to be completed in  
32 90 days or less, the institution shall pay compensation related to  
33 a particular student only if that student completes the educational  
34 program.

35 (2) For institutions participating in the federal student financial  
36 aid programs, this subdivision shall not prevent the payment of  
37 compensation to those involved in recruitment, admissions, or the  
38 award of financial aid if those payments are in conformity with  
39 federal regulations governing an institution's participation in the  
40 federal student financial aid programs.

(o) Require a prospective student to provide personal contact information in order to obtain, from the institution's Internet Web site, educational program information that is required to be contained in the school catalog or any information required pursuant to the consumer information requirements of Title IV of the federal Higher Education Act of 1965, and any amendments thereto.

(p) Offer an associate, baccalaureate, master's, or doctoral degree without disclosing to prospective students prior to enrollment whether the institution or the degree program is unaccredited and any known limitation of the degree, including, but not limited to, all of the following:

(1) Whether a graduate of the degree program will be eligible to sit for the applicable licensure exam in California and other states.

(2) A statement that reads: "A degree program that is unaccredited or a degree from an unaccredited institution is not recognized for some employment positions, including, but not limited to, positions with the State of California."

(3) That a student enrolled in an unaccredited institution is not eligible for federal financial aid programs.

*SEC. 48. Section 94898 of the Education Code is amended to read:*

94898. (a) An institution shall not merge classes unless all of the students have received the same amount of instruction. This subdivision does not prevent the placement of students, who are enrolled in different educational programs, in the same class if that class is part of each of the educational programs and the placement in a merged class will not impair the students' learning of the subject matter of the class.

(b) After a student has enrolled in an educational program, the institution shall not do either of the following:

(1) Make any unscheduled suspension of any class unless caused by circumstances beyond the institution's control.

(2) Change the day or time during the period of attendance in which any class is offered to a day when the student is not scheduled to attend the institution or to a time that is outside of the range of time that the student is scheduled to attend the institution on the day for which the change is proposed unless at least 90 percent of the students who are enrolled consent to the

1 change and the institution offers full refunds to the students who  
2 do not consent to the change. For the purpose of this paragraph,  
3 “range of time” means the period beginning with the time at which  
4 the student’s first scheduled class session for the day is set to start  
5 and ending with the time the student’s last scheduled class session  
6 for that day is set to finish.

7 (c) If an institution enrolls a student in an educational program  
8 that is conducted at a specific site at the time of enrollment, the  
9 institution shall not convert the educational program to another  
10 method of delivery, such as by means of distance education. This  
11 subdivision does not apply to an educational program that also  
12 includes a distance education component, if the student is notified  
13 during the enrollment process, in writing, that the program contains  
14 a distance education component.

15 (d) An institution shall not move the location of class instruction  
16 more than 25 miles from the location of instruction at the time of  
17 enrollment unless any of the following occur:

18 (1) The institution discloses in writing to each student before  
19 enrollment in the educational program that the location of  
20 instruction will change after the educational program begins and  
21 the address of the new location.

22 (2) The institution applies for, and the ~~bureau~~ board grants,  
23 approval to change the location. The ~~bureau~~ board shall grant the  
24 application within 60 days if the ~~bureau~~ board, after notice to  
25 affected students and an opportunity for them to be heard as  
26 prescribed by the ~~bureau~~ board, concludes that the change in  
27 location would not be unfair or unduly burdensome to students.  
28 The ~~bureau~~ board may grant approval to change the location  
29 subject to reasonable conditions, such as requiring the institution  
30 to provide transportation, transportation costs, or refunds to  
31 adversely affected students.

32 (3) The institution offers a full refund to students enrolled in  
33 the educational program who do not voluntarily consent to the  
34 change.

35 (4) An unforeseeable and unavoidable circumstance outside of  
36 the control of the institution requires the change in the location of  
37 instruction.

38 *SEC. 49. Section 94900.7 of the Education Code is amended*  
39 *to read:*

1 94900.7. The recordkeeping requirements of this article shall  
2 not apply to an institution that is accredited, if the recordkeeping  
3 requirements of the accrediting organization are substantially  
4 similar to the recordkeeping requirements of this article, as  
5 determined by the ~~bureau~~ board.

6 *SEC. 50. Section 94904 of the Education Code is amended to*  
7 *read:*

8 94904. (a) Before an ability-to-benefit student may execute  
9 an enrollment agreement, the institution shall have the student take  
10 an independently administered examination from the list of  
11 examinations prescribed by the United States Department of  
12 Education pursuant to Section 484(d) of the federal Higher  
13 Education Act of 1965 (20 U.S.C. Sec. 1070a et seq.) as it is, from  
14 time to time, amended. The student shall not enroll unless the  
15 student achieves a score, as specified by the United States  
16 Department of Education, demonstrating that the student may  
17 benefit from the education and training being offered.

18 (b) If the United States Department of Education does not have  
19 a list of relevant examinations that pertain to the intended  
20 occupational training, the ~~bureau~~ board may publish its own list  
21 of acceptable examinations.

22 *SEC. 51. Section 94909 of the Education Code is amended to*  
23 *read:*

24 94909. (a) Prior to enrollment, an institution shall provide a  
25 prospective student, either in writing or electronically, with a  
26 school catalog containing, at a minimum, all of the following:

27 (1) The name, address, telephone number, and, if applicable,  
28 Internet Web site address of the institution.

29 (2) Except as specified in Article 2 (commencing with Section  
30 94802), a statement that the institution is a private institution and  
31 that it is approved to operate by the ~~bureau~~ board.

32 (3) The following statements:

33 (A) "Any questions a student may have regarding this catalog  
34 that have not been satisfactorily answered by the institution may  
35 be directed to the ~~Bureau~~ Board for Private Postsecondary  
36 Education at (address), Sacramento, CA (ZIP Code), (Internet Web  
37 site address), (telephone and fax numbers)."

38 (B) "As a prospective student, you are encouraged to review  
39 this catalog prior to signing an enrollment agreement. You are also



1 encouraged to review the School Performance Fact Sheet, which  
2 must be provided to you prior to signing an enrollment agreement.”

3 (C) “A student or any member of the public may file a complaint  
4 about this institution with the ~~Bureau~~ *Board* for Private  
5 Postsecondary Education by calling (toll-free telephone number)  
6 or by completing a complaint form, which can be obtained on the  
7 ~~bureau’s board’s~~ Internet Web site (Internet Web site address).”

8 (4) The address or addresses where class sessions will be held.

9 (5) A description of the programs offered and a description of  
10 the instruction provided in each of the courses offered by the  
11 institution, the requirements for completion of each program,  
12 including required courses, any final tests or examinations, any  
13 required internships or externships, and the total number of credit  
14 hours, clock hours, or other increments required for completion.

15 (6) If the educational program is designed to lead to positions  
16 in a profession, occupation, trade, or career field requiring licensure  
17 in this state, a notice to that effect and a list of the requirements  
18 for eligibility for licensure.

19 (7) Information regarding the faculty and their qualifications.

20 (8) A detailed description of institutional policies in the  
21 following areas:

22 (A) Admissions policies, including the institution’s policies  
23 regarding the acceptance of credits earned at other institutions or  
24 through challenge examinations and achievement tests, admissions  
25 requirements for ability-to-benefit students, and a list describing  
26 any transfer or articulation agreements between the institution and  
27 any other college or university that provides for the transfer of  
28 credits earned in the program of instruction. If the institution has  
29 not entered into an articulation or transfer agreement with any  
30 other college or university, the institution shall disclose that fact.

31 (B) Cancellation, withdrawal, and refund policies, including an  
32 explanation that the student has the right to cancel the enrollment  
33 agreement and obtain a refund of charges paid through attendance  
34 at the first class session, or the seventh day after enrollment,  
35 whichever is later. The text shall also include a description of the  
36 procedures that a student is required to follow to cancel the  
37 enrollment agreement or withdraw from the institution and obtain  
38 a refund consistent with the requirements of Article 13  
39 (commencing with Section 94919).

40 (C) Probation and dismissal policies.

1 (D) Attendance policies.

2 (E) Leave-of-absence policies.

3 (9) The schedule of total charges for a period of attendance and  
4 an estimated schedule of total charges for the entire educational  
5 program.

6 (10) A statement reporting whether the institution participates  
7 in federal and state financial aid programs, and if so, all consumer  
8 information that is required to be disclosed to the student pursuant  
9 to the applicable federal and state financial aid programs.

10 (11) A statement specifying that, if a student obtains a loan to  
11 pay for an educational program, the student will have the  
12 responsibility to repay the full amount of the loan plus interest,  
13 less the amount of any refund, and that, if the student has received  
14 federal student financial aid funds, the student is entitled to a refund  
15 of the moneys not paid from federal student financial aid program  
16 funds.

17 (12) A statement specifying whether the institution has a pending  
18 petition in bankruptcy, is operating as a debtor in possession, has  
19 filed a petition within the preceding five years, or has had a petition  
20 in bankruptcy filed against it within the preceding five years that  
21 resulted in reorganization under Chapter 11 of the United States  
22 Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

23 (13) If the institution provides placement services, a description  
24 of the nature and extent of the placement services.

25 (14) A description of the student's rights and responsibilities  
26 with respect to the Student Tuition Recovery Fund. This statement  
27 shall specify that it is a state requirement that a student who pays  
28 his or her tuition is required to pay a state-imposed assessment for  
29 the Student Tuition Recovery Fund. This statement shall also  
30 describe the purpose and operation of the Student Tuition Recovery  
31 Fund and the requirements for filing a claim against the Student  
32 Tuition Recovery Fund.

33 (15) The following statement:

34  
35 “NOTICE CONCERNING TRANSFERABILITY OF  
36 CREDITS AND CREDENTIALS EARNED AT OUR  
37 INSTITUTION

38 The transferability of credits you earn at (name of institution)  
39 is at the complete discretion of an institution to which you  
40 may seek to transfer. Acceptance of the (degree, diploma, or

1 certificate) you earn in (name of educational program) is also  
2 at the complete discretion of the institution to which you may  
3 seek to transfer. If the (credits or degree, diploma, or  
4 certificate) that you earn at this institution are not accepted at  
5 the institution to which you seek to transfer, you may be  
6 required to repeat some or all of your coursework at that  
7 institution. For this reason you should make certain that your  
8 attendance at this institution will meet your educational goals.  
9 This may include contacting an institution to which you may  
10 seek to transfer after attending (name of institution) to  
11 determine if your (credits or degree, diploma or certificate)  
12 will transfer.”  
13

14 (16) A statement specifying whether the institution, or any of  
15 its degree programs, are accredited by an accrediting agency  
16 recognized by the United States Department of Education. If the  
17 institution is unaccredited and offers an associate, baccalaureate,  
18 master’s, or doctoral degree, or is accredited and offers an  
19 unaccredited program for an associate, baccalaureate, master’s, or  
20 doctoral degree, the statement shall disclose the known limitations  
21 of the degree program, including, but not limited to, all of the  
22 following:

23 (A) Whether a graduate of the degree program will be eligible  
24 to sit for the applicable licensure exam in California and other  
25 states.

26 (B) A degree program that is unaccredited or a degree from an  
27 unaccredited institution is not recognized for some employment  
28 positions, including, but not limited to, positions with the State of  
29 California.

30 (C) That a student enrolled in an unaccredited institution is not  
31 eligible for federal financial aid programs.

32 (b) If the institution has a general student brochure, the  
33 institution shall provide that brochure to the prospective student  
34 prior to enrollment. In addition, if the institution has a  
35 program-specific student brochure for the program in which the  
36 prospective student seeks to enroll, the institution shall provide  
37 the program-specific student brochure to the prospective student  
38 prior to enrollment.

39 (c) An institution shall provide the school catalog to any person  
40 upon request. In addition, if the institution has student brochures,

1 the institution shall disclose the requested brochures to any  
2 interested person upon request.

3 *SEC. 52. Section 94910 of the Education Code is amended to*  
4 *read:*

5 94910. Prior to enrollment, an institution shall provide a  
6 prospective student with a School Performance Fact Sheet  
7 containing, at a minimum, the following information, as it relates  
8 to the educational program:

9 (a) Completion rates, as calculated pursuant to Article 16  
10 (commencing with Section 94928).

11 (b) Placement rates for each educational program, as calculated  
12 pursuant to Article 16 (commencing with Section 94928), if the  
13 educational program is designed to lead to, or the institution makes  
14 any express or implied claim related to preparing students for, a  
15 recognized career, occupation, vocation, job, or job title.

16 (c) License examination passage rates for programs leading to  
17 employment for which passage of a state licensing examination is  
18 required, as calculated pursuant to Article 16 (commencing with  
19 Section 94928).

20 (d) Salary or wage information, as calculated pursuant to Article  
21 16 (commencing with Section 94928).

22 (e) If a program is too new to provide data for any of the  
23 categories listed in this subdivision, the institution shall state on  
24 its fact sheet: "This program is new. Therefore, the number of  
25 students who graduate, the number of students who are placed, or  
26 the starting salary you can earn after finishing the educational  
27 program are unknown at this time. Information regarding general  
28 salary and placement statistics may be available from government  
29 sources or from the institution, but is not equivalent to actual  
30 performance data."

31 (f) All of the following:

32 (1) A description of the manner in which the figures described  
33 in subdivisions (a) to (d), inclusive, are calculated or a statement  
34 informing the reader of where he or she may obtain a description  
35 of the manner in which the figures described in subdivisions (a)  
36 to (d), inclusive, are calculated.

37 (2) A statement informing the reader of where he or she may  
38 obtain from the institution a list of the employment positions  
39 determined to be within the field for which a student received

1 education and training for the calculation of job placement rates  
2 as required by subdivision (b).

3 (3) A statement informing the reader of where he or she may  
4 obtain from the institution a list of the objective sources of  
5 information used to substantiate the salary disclosure as required  
6 by subdivision (d).

7 (g) The following statements:

8 (1) "This fact sheet is filed with the ~~Bureau~~ Board for Private  
9 Postsecondary Education. Regardless of any information you may  
10 have relating to completion rates, placement rates, starting salaries,  
11 or license exam passage rates, this fact sheet contains the  
12 information as calculated pursuant to state law."

13 (2) "Any questions a student may have regarding this fact sheet  
14 that have not been satisfactorily answered by the institution may  
15 be directed to the ~~Bureau~~ Board for Private Postsecondary  
16 Education at (address), Sacramento, CA (ZIP Code), (Internet Web  
17 site address), (telephone and fax numbers)."

18 (h) If the institution participates in federal financial aid  
19 programs, the most recent three-year cohort default rate reported  
20 by the United States Department of Education for the institution  
21 and the percentage of enrolled students receiving federal student  
22 loans.

23 *SEC. 53. Section 94911 of the Education Code is amended to*  
24 *read:*

25 94911. An enrollment agreement shall include, at a minimum,  
26 all of the following:

27 (a) The name of the institution and the name of the educational  
28 program, including the total number of credit hours, clock hours,  
29 or other increment required to complete the educational program.

30 (b) A schedule of total charges, including a list of any charges  
31 that are nonrefundable and the student's obligations to the Student  
32 Tuition Recovery Fund, clearly identified as nonrefundable  
33 charges.

34 (c) In underlined capital letters on the same page of the  
35 enrollment agreement in which the student's signature is required,  
36 the total charges for the current period of attendance, the estimated  
37 total charges for the entire educational program, and the total  
38 charges the student is obligated to pay upon enrollment.

1 (d) A clear and conspicuous statement that the enrollment  
2 agreement is legally binding when signed by the student and  
3 accepted by the institution.

4 (e) (1) A disclosure with a clear and conspicuous caption,  
5 “STUDENT’S RIGHT TO CANCEL,” under which it is explained  
6 that the student has the right to cancel the enrollment agreement  
7 and obtain a refund of charges paid through attendance at the first  
8 class session, or the seventh day after enrollment, whichever is  
9 later.

10 (2) The disclosure shall contain the institution’s refund policy  
11 and a statement that, if the student has received federal student  
12 financial aid funds, the student is entitled to a refund of moneys  
13 not paid from federal student financial aid program funds.

14 (3) The text shall also include a description of the procedures  
15 that a student is required to follow to cancel the enrollment  
16 agreement or withdraw from the institution and obtain a refund.

17 (f) A statement specifying that, if the student obtains a loan to  
18 pay for an educational program, the student will have the  
19 responsibility to repay the full amount of the loan plus interest,  
20 less the amount of any refund.

21 (g) A statement specifying that, if the student is eligible for a  
22 loan guaranteed by the federal or state government and the student  
23 defaults on the loan, both of the following may occur:

24 (1) The federal or state government or a loan guarantee agency  
25 may take action against the student, including applying any income  
26 tax refund to which the person is entitled to reduce the balance  
27 owed on the loan.

28 (2) The student may not be eligible for any other federal student  
29 financial aid at another institution or other government assistance  
30 until the loan is repaid.

31 (h) The transferability disclosure that is required to be included  
32 in the school catalog, as specified in paragraph (15) of subdivision  
33 (a) of Section 94909.

34 (i) (1) The following statement: “Prior to signing this enrollment  
35 agreement, you must be given a catalog or brochure and a School  
36 Performance Fact Sheet, which you are encouraged to review prior  
37 to signing this agreement. These documents contain important  
38 policies and performance data for this institution. This institution  
39 is required to have you sign and date the information included in  
40 the School Performance Fact Sheet relating to completion rates,

1 placement rates, license examination passage rates, salaries or  
2 wages, and the most recent three-year cohort default rate, if  
3 applicable, prior to signing this agreement.”

4 (2) Immediately following the statement required by paragraph  
5 (1), a line for the student to initial, including the following  
6 statement: “I certify that I have received the catalog, School  
7 Performance Fact Sheet, and information regarding completion  
8 rates, placement rates, license examination passage rates, salary  
9 or wage information, and the most recent three-year cohort default  
10 rate, if applicable, included in the School Performance Fact sheet,  
11 and have signed, initialed, and dated the information provided in  
12 the School Performance Fact Sheet.”

13 (j) The following statements:

14  
15 (1) “Any questions a student may have regarding this  
16 enrollment agreement that have not been satisfactorily  
17 answered by the institution may be directed to the ~~Bureau~~  
18 *Board* for Private Postsecondary Education at (address),  
19 Sacramento, CA (ZIP Code), (Internet Web site address),  
20 (telephone and fax numbers).”

21  
22 (2) “A student or any member of the public may file a complaint  
23 about this institution with the ~~Bureau~~ *Board* for Private  
24 Postsecondary Education by calling (toll-free telephone number)  
25 or by completing a complaint form, which can be obtained on the  
26 ~~bureau’s board’s~~ Internet Web site (Internet Web site address).”

27  
28 (k) The following statement above the space for the student’s  
29 signature:

30  
31 “I understand that this is a legally binding contract. My  
32 signature below certifies that I have read, understood, and  
33 agreed to my rights and responsibilities, and that the  
34 institution’s cancellation and refund policies have been clearly  
35 explained to me.”

36  
37 *SEC. 54. Section 94913 of the Education Code is amended to*  
38 *read:*

39 94913. (a) An institution that maintains an Internet Web site  
40 shall provide on that Internet Web site all of the following:

- 1 (1) The school catalog.
- 2 (2) A School Performance Fact Sheet for each educational
- 3 program offered by the institution.
- 4 (3) Student brochures offered by the institution.
- 5 (4) A link to the ~~bureau's board's~~ Internet Web site.
- 6 (5) The institution's most recent annual report submitted to the
- 7 ~~bureau board~~.

8 (b) An institution shall include information concerning where  
9 students may access the ~~bureau's board's~~ Internet Web site  
10 anywhere the institution identifies itself as being approved by the  
11 ~~bureau board~~.

12 *SEC. 55. Section 94920 of the Education Code is amended to*  
13 *read:*

14 94920. An institution that does not participate in the federal  
15 student financial aid programs shall do all of the following:

16 (a) The institution shall advise each student that a notice of  
17 cancellation shall be in writing, and that a withdrawal may be  
18 effectuated by the student's written notice or by the student's  
19 conduct, including, but not necessarily limited to, a student's lack  
20 of attendance.

21 (b) Institutions shall refund 100 percent of the amount paid for  
22 institutional charges, less a reasonable deposit or application fee  
23 not to exceed two hundred fifty dollars (\$250), if notice of  
24 cancellation is made through attendance at the first class session,  
25 or the seventh day after enrollment, whichever is later.

26 (c) The ~~bureau board~~ may adopt by regulation a different method  
27 of calculation for instruction delivered by other means, including,  
28 but not necessarily limited to, distance education.

29 (d) The institution shall have a refund policy for the return of  
30 unearned institutional charges if the student cancels an enrollment  
31 agreement or withdraws during a period of attendance. The refund  
32 policy for students who have completed 60 percent or less of the  
33 period of attendance shall be a pro rata refund.

34 (e) The institution shall pay or credit refunds within 45 days of  
35 a student's cancellation or withdrawal.

36 *SEC. 56. Section 94921 of the Education Code is amended to*  
37 *read:*

38 94921. An institution offering an educational program for  
39 which the refund calculations set forth in this article cannot be  
40 utilized because of the unique way in which the educational



1 program is structured, may petition the ~~bureau~~ board for an  
2 alternative method of calculating tuition refunds.

3 *SEC. 57. Section 94923 of the Education Code is amended to*  
4 *read:*

5 94923. (a) The ~~bureau~~ board shall, ~~by January 1, 2011,~~ adopt  
6 by regulation procedures governing the administration and  
7 maintenance of the Student Tuition Recovery Fund, including  
8 requirements relating to assessments on students and student claims  
9 against the Student Tuition Recovery Fund.

10 *The regulations shall ensure that the following students, and*  
11 *any other students deemed appropriate, are eligible for payment*  
12 *from the Student Tuition Recovery Fund:*

13 *(1) In the event of a school closure, a student who attended the*  
14 *institution within 120 days of the closure.*

15 *(2) Students to whom an institution has been ordered to pay*  
16 *refunds by the board but has failed to do so.*

17 *(3) Students who have been awarded restitution, refunds or*  
18 *monetary awards by an arbitrator or court, but who have been*  
19 *unable to collect the award from the institution.*

20 *(4) Students whose programs have been discontinued at the*  
21 *campus they attend before they are able to complete the program.*

22 *(b) Students who suffered losses due to an institution's violation*  
23 *of this act shall be eligible for payment from the Student Tuition*  
24 *Recovery Fund.*

25 *SEC. 58. Section 94924 of the Education Code is amended to*  
26 *read:*

27 94924. All assessments collected pursuant to this article shall  
28 be credited to the Student Tuition Recovery Fund, along with any  
29 accrued interest, for the purpose of this article. Notwithstanding  
30 Section 13340 of the Government Code, the moneys in the Student  
31 Tuition Recovery Fund are continuously appropriated to the ~~bureau~~  
32 board, without regard to fiscal year, for the purposes of this article.

33 *SEC. 59. Section 94926 of the Education Code is amended to*  
34 *read:*

35 94926. At least 30 days prior to closing, ~~the~~ an institution shall  
36 notify the ~~bureau~~ board in writing of its intention to close. The  
37 notice shall be accompanied by a closure plan, which shall include,  
38 but not necessarily be limited to, all of the following:

1 (a) A plan for providing teach-outs of educational programs,  
2 including any agreements with any other postsecondary educational  
3 institutions to provide teach-outs.

4 (b) If no teach-out plan is contemplated, or for students who do  
5 not wish to participate in a teach-out, arrangements for making  
6 refunds within 45 days from the date of closure, or for institutions  
7 that participate in federal student financial aid programs  
8 arrangements for making refunds and returning federal student  
9 financial aid program funds.

10 (c) If the institution is a participant in federal student financial  
11 aid programs, it shall provide students information concerning  
12 these programs and institutional closures.

13 (d) A plan for the disposition of student records.

14 *SEC. 60. Section 94927 of the Education Code is amended to*  
15 *read:*

16 94927. An institution shall be considered in default of the  
17 enrollment agreement when an educational program is discontinued  
18 or canceled or the institution closes prior to completion of the  
19 educational program. When an institution is in default, student  
20 institutional charges may be refunded on a pro rata basis if the  
21 ~~bureau~~ board determines that the school has made provision for  
22 students enrolled at the time of default to complete a comparable  
23 educational program at another institution at no additional charge  
24 to the students beyond the amount of the total charges in the  
25 original enrollment agreement. If the institution does not make  
26 that provision, a total refund of all institutional charges shall be  
27 made to students.

28 *SEC. 61. Section 94927.5 of the Education Code is amended*  
29 *to read:*

30 94927.5. (a) Prior to closing, an institution shall provide the  
31 ~~bureau~~ board with the following:

32 (1) Pertinent student records, including transcripts, as determined  
33 by the ~~bureau~~ board, pursuant to regulations adopted by the ~~bureau~~  
34 board.

35 (2) If the institution is an accredited institution, a plan for the  
36 retention of records and transcripts, approved by the institution's  
37 accrediting agency, that provides information as to how a student  
38 may obtain a transcript or any other information about the student's  
39 coursework and degrees completed.

(b) Subdivision (a) applies to all private postsecondary institutions, including institutions that are otherwise exempt from this chapter pursuant to Article 4 (commencing with Section 94874).

*SEC. 62. Section 94928 of the Education Code is amended to read:*

94928. As used in this article, the following terms have the following meanings:

(a) “Cohort population” means the number of students that began a program on a cohort start date.

(b) “Cohort start date” means the first class day after the cancellation period during which a cohort of students attends class for a specific program.

(c) “Graduates” means the number of students who complete a program within 100 percent of the published program length. An institution may separately state completion information for students completing the program within 150 percent of the original contracted time, but that information may not replace completion information for students completing within the original scheduled time. Completion information shall be separately stated for each campus or branch of the institution.

(d) “Graduates available for employment” means the number of graduates minus the number of graduates unavailable for employment.

(e) (1) “Graduates employed in the field” means graduates who are gainfully employed in a single position for which the institution represents the program prepares its graduates within six months after a student completes the applicable educational program. For occupations for which the state requires passing an examination, the period of employment shall begin within six months of the announcement of the examination results for the first examination available after a student completes an applicable educational program.

(2) The ~~bureau~~ board shall define by July 1, 2014, specific measures and standards for determining whether a student is gainfully employed in a full-time or part-time position for which the institution represents the program prepares its graduates, including self-employment or conducting freelance work, and may set the standards for the hours per week and duration of employment and utilize any job classification methodology the

1 ~~bureau~~ board determines appropriate for this purpose, including,  
2 but not limited to, the United States Department of Labor's  
3 Standard Occupational Classification codes.

4 (3) This subdivision does not prohibit the ~~bureau~~ board from  
5 authorizing an institution to aggregate single positions held by a  
6 graduate for purposes of meeting the hours per week standards  
7 established by the ~~bureau~~ board.

8 (f) "Graduates unavailable for employment" means graduates  
9 who, after graduation, die, become incarcerated, are called to active  
10 military duty, are international students that leave the United States  
11 or do not have a visa allowing employment in the United States,  
12 or are continuing their education at an accredited or  
13 ~~bureau-approved~~ board-approved postsecondary institution.

14 (g) "Students available for graduation" means the cohort  
15 population minus the number of students unavailable for  
16 graduation.

17 (h) "Students unavailable for graduation" means students who  
18 have died, been incarcerated, or called to active military duty.

19 *SEC. 63. Section 94929 of the Education Code is amended to*  
20 *read:*

21 94929. (a) An institution shall annually report to the ~~bureau~~  
22 board, as part of the annual report, and publish in its School  
23 Performance Fact Sheet, the completion rate for each program.  
24 Except as provided in subdivision (b), the completion rate shall  
25 be calculated by dividing the number of graduates by the number  
26 of students available for graduation.

27 (b) In lieu of calculating graduation data pursuant to subdivision  
28 (a), an institution may report graduation data reported to, and  
29 calculated by, the Integrated Postsecondary Education Data System  
30 of the United States Department of Education.

31 *SEC. 64. Section 94929.5 of the Education Code is amended*  
32 *to read:*

33 94929.5. (a) An institution shall annually report to the ~~bureau~~  
34 board, as part of the annual report, and shall publish in its School  
35 Performance Fact Sheet, all of the following:

36 (1) The job placement rate, calculated by dividing the number  
37 of graduates employed in the field by the number of graduates  
38 available for employment for each program that is either (1)  
39 designed, or advertised, to lead to a particular career, or (2)  
40 advertised or promoted with any claim regarding job placement.

(2) The license examination passage rates for the immediately preceding two years for programs leading to employment for which passage of a state licensing examination is required, calculated by dividing the number of graduates who pass the examination by the number of graduates who take the licensing examination the first time that the examination is available after completion of the educational program. The institution shall use state agency licensing data to calculate license examination passage rates. If those data are unavailable, the institution shall calculate the license examination passage rate in a manner consistent with regulations adopted by the ~~bureau~~ board.

(3) Salary and wage information, consisting of the total number of graduates employed in the field and the annual wages or salaries of those graduates stated in increments of five thousand dollars (\$5,000).

(4) If applicable, the most recent official three-year cohort default rate reported by the United States Department of Education for the institution and the percentage of enrolled students receiving federal student loans.

(b) Nothing in this section shall limit the ~~bureau's~~ board's authority to collect information from an institution to comply with this section and ensure, by regulation and other lawful means, that the information required by this section, and the manner in which it is collected and reported, is all of the following:

(1) Useful to students.

(2) Useful to policymakers.

(3) Based upon the most credible and verifiable data available.

(4) Does not impose undue compliance burdens on an institution.

*SEC. 65. Section 94929.7 of the Education Code is amended to read:*

94929.7. (a) The information used to substantiate the rates and information calculated pursuant to Sections 94929 and 94929.5 shall do both of the following:

(1) Be documented and maintained by the institution for five years from the date of the publication of the rates and information.

(2) Be retained in an electronic format and made available to the ~~bureau~~ board upon request.

(b) An institution shall provide a list of employment positions used to determine the number of graduates employed in the field

1 for purposes of calculating job placement rates pursuant to this  
2 article.

3 (c) ~~The bureau~~ board shall identify the specific information that  
4 an institution is required to document and maintain to substantiate  
5 rates and information pursuant to this section.

6 *SEC. 66. Section 94929.8 of the Education Code is amended*  
7 *to read:*

8 94929.8. (a) ~~On or before January 1, 2011, and pursuant to~~  
9 ~~Section 94877, the bureau~~ The board shall establish, by regulation  
10 as specified in Section 94877, a uniform method for institutions  
11 to obtain statistically valid, current, and representative data to  
12 comply with this article.

13 (b) A violation of the regulations adopted pursuant to  
14 subdivision (a) is a material violation of this chapter.

15 *SEC. 67. Section 94929.9 is added to the Education Code, to*  
16 *read:*

17 94929.9. (a) The board shall report to the Legislature, on or  
18 before October 1, 2015, on efforts to streamline the board's  
19 approval to operate process for institutions while ensuring that  
20 the same or similar data information, as is required to be reported  
21 to the board pursuant to this article, is being reported to students  
22 in a clear and conspicuous manner.

23 (b) (1) A report to be submitted to the Legislature pursuant to  
24 subdivision (a) shall be submitted in compliance with Section 9795  
25 of the Government Code.

26 (2) Pursuant to Section 10231.5 of the Government Code, this  
27 section is repealed January 1, 2019.

28 *SEC. 68. Section 94930 of the Education Code is amended to*  
29 *read:*

30 94930. (a) All fees collected pursuant to this article, including  
31 any interest on those fees, shall be deposited in the Private  
32 Postsecondary Education Administration Fund, and shall be  
33 available, upon appropriation by the Legislature, for expenditure  
34 by the ~~bureau~~ board for the administration of this chapter.

35 (b) If the ~~bureau~~ board determines by regulation that the  
36 adjustment of the fees established by this article is consistent with  
37 the intent of this chapter, the ~~bureau~~ board may adjust the fees.  
38 However, the ~~bureau~~ board shall not maintain a reserve balance  
39 in the Private Postsecondary Education Administration Fund in  
40 an amount that is greater than the amount necessary to fund six

1 months of authorized operating expenses of the ~~bureau~~ board in  
2 any fiscal year.

3 *SEC. 69. Section 94930.5 of the Education Code is amended*  
4 *to read:*

5 94930.5. ~~An~~ *Subject to Section 94930, an institution shall remit*  
6 *to the ~~bureau~~ board for deposit in the Private Postsecondary*  
7 *Education Administration Fund the following fees, in accordance*  
8 *with the following schedule:*

9 (a) The following fees shall be remitted by an institution  
10 submitting an application for an approval to operate, if applicable:

11 (1) Application fee for an approval to operate: five thousand  
12 dollars (\$5,000).

13 (2) Application fee for the approval to operate a new branch of  
14 the institution: three thousand dollars (\$3,000).

15 (3) Application fee for an approval to operate by means of  
16 accreditation: seven hundred fifty dollars (\$750).

17 (b) The following fees shall be remitted by an institution seeking  
18 a renewal of its approval to operate, if applicable:

19 (1) Renewal fee for the main campus of the institution: three  
20 thousand five hundred dollars (\$3,500).

21 (2) Renewal fee for a branch of the institution: three thousand  
22 dollars (\$3,000).

23 (3) Renewal fee for an institution that is approved to operate by  
24 means of accreditation: five hundred dollars (\$500).

25 (c) The following fees shall apply to an institution seeking  
26 authorization of a substantive change to its approval to operate, if  
27 applicable:

28 (1) Processing fee for authorization of a substantive change to  
29 an approval to operate: five hundred dollars (\$500).

30 (2) Processing fee in connection with a substantive change to  
31 an approval to operate by means of accreditation: two hundred  
32 fifty dollars (\$250).

33 (d) (1) In addition to any fees paid to the ~~bureau~~ board pursuant  
34 to subdivisions (a) to (c), inclusive, each institution that is approved  
35 to operate pursuant to this chapter shall remit both of the following:

36 (A) An annual institutional fee, in an amount equal to  
37 three-quarters of 1 percent of the institution's annual revenues  
38 derived from students in California, but not exceeding a total of  
39 twenty-five thousand dollars (\$25,000) annually.

1 (B) An annual branch fee of one thousand dollars (\$1,000) for  
2 each branch or campus of the institution operating in California.

3 (2) The amount of the annual fees pursuant to paragraph (1)  
4 shall be proportional to the ~~bureau's~~ *board's* cost of regulating the  
5 institution under this chapter.

6 ~~(e) If the bureau determines that the annual cost of providing~~  
7 ~~oversight and review of an institution, as required by this chapter,~~  
8 ~~is less than the amount of any fees required to be paid by that~~  
9 ~~institution pursuant to this article, the bureau may decrease the~~  
10 ~~fees applicable to that institution to an amount that is proportional~~  
11 ~~to the bureau's costs associated with that institution.~~

12 *SEC. 70. Section 94931.5 of the Education Code is amended*  
13 *to read:*

14 94931.5. (a) The ~~bureau~~ *board* may propose modifications to  
15 the fee schedule in Section 94930.5 to the Governor and the  
16 Legislature to add or delete categories of fees related to work  
17 performed by the ~~bureau~~ *board* and propose to the Governor and  
18 the Legislature the maximum amount to be charged for each fee  
19 category added to the fee schedule. The fee schedule shall provide  
20 adequate resources for the ~~bureau~~ *board* to effectively implement  
21 this chapter.

22 (b) The ~~bureau~~ *board* shall annually publish a schedule of the  
23 current fees to be charged pursuant to this article and shall make  
24 this schedule available to the public.

25 *SEC. 71. Section 94932 of the Education Code is amended to*  
26 *read:*

27 94932. The ~~bureau~~ *board* shall determine an institution's  
28 compliance with the requirements of this chapter. The ~~bureau~~  
29 *board* shall have the power to require reports that institutions shall  
30 file with the ~~bureau~~ *board* in addition to the annual report, to send  
31 staff to an institution's sites, and to require documents and  
32 responses from an institution to monitor compliance. When the  
33 ~~bureau~~ *board* has reason to believe that an institution may be out  
34 of compliance, it shall conduct an investigation of the institution.  
35 If the ~~bureau~~ *board* determines, after completing an investigation,  
36 that an institution has violated any applicable law or regulation,  
37 the ~~bureau~~ *board* shall take appropriate action pursuant to this  
38 article.

39 *SEC. 72. Section 94932.5 of the Education Code is amended*  
40 *to read:*



1 94932.5. (a) As part of its compliance program, the ~~bureau~~  
2 *board* shall perform announced and unannounced inspections of  
3 institutions at least every ~~two~~ five years.

4 (b) On or before January 1, ~~2011~~ 2016, the ~~bureau~~ *board* shall  
5 adopt regulations setting forth policies and practices to ensure that  
6 ~~institutions are subject to an equal number of announced and~~  
7 ~~unannounced inspections for each two-year period~~ *student*  
8 *protections are the highest priority of inspections and that*  
9 *inspections are conducted based on risk and potential harm to*  
10 *students*. The regulations shall also set forth policies and practices  
11 for providing notice to students enrolled at an institution of the  
12 results of each inspection of the institution.

13 *SEC. 73. Section 94933 of the Education Code is amended to*  
14 *read:*

15 94933. The ~~bureau~~ *board* shall provide an institution with the  
16 opportunity to remedy noncompliance, impose fines, place the  
17 institution on probation, or suspend or revoke the institution's  
18 approval to operate, in accordance with this article, as it deems  
19 appropriate based on the severity of an institution's violations of  
20 this chapter, and the harm caused to students.

21 *SEC. 74. Section 94933.5 of the Education Code is amended*  
22 *to read:*

23 94933.5. As much as is practicable, the ~~bureau~~ *board* shall  
24 seek to resolve instances of noncompliance, including the use of  
25 alternative dispute resolution procedures in Article 5 (commencing  
26 with Section 11420.10) of Chapter 4.5 of Part 1 of Division 3 of  
27 Title 2 of the Government Code.

28 *SEC. 75. Section 94934 of the Education Code is amended to*  
29 *read:*

30 94934. (a) As part of the compliance program, an institution  
31 shall submit an annual report to the ~~bureau~~ *board*, under penalty  
32 of perjury, signed by a responsible corporate officer, by July 1 of  
33 each year, or another date designated by the ~~bureau~~ *board*, and it  
34 shall include the following information for educational programs  
35 offered in the reporting period:

36 (1) The total number of students enrolled by level of degree or  
37 for a diploma.

38 (2) The number of degrees, by level, and diplomas awarded.

39 (3) The degree levels and diplomas offered.

1 (4) The Student Performance Fact Sheet, as required pursuant  
2 to Section 94910.

3 (5) The school catalog, as required pursuant to Section 94909.

4 (6) The total charges for each educational program by period  
5 of attendance.

6 (7) A statement indicating whether the institution is, or is not,  
7 current in remitting Student Tuition Recovery Fund assessments.

8 (8) A statement indicating whether an accrediting agency has  
9 taken any final disciplinary action against the institution.

10 (9) Additional information deemed by the ~~bureau~~ board to be  
11 reasonably required to ascertain compliance with this chapter.

12 (b) The ~~bureau~~, by January 1, 2011, board shall prescribe the  
13 annual report's format and method of delivery.

14 *SEC. 76. Section 94935 of the Education Code is amended to*  
15 *read:*

16 94935. (a) ~~Bureau-Board~~ staff who, during an inspection of  
17 an institution, detect a violation of this chapter, or regulations  
18 adopted pursuant to this chapter, that is a minor violation as  
19 determined by the ~~bureau board~~, pursuant to ~~regulations adopted~~  
20 ~~by January 1, 2011, regulations~~, shall issue a notice to comply  
21 before leaving the institution. The ~~bureau board~~ shall establish a  
22 voluntary informal appeal process, by regulation, within one year  
23 of the enactment of this chapter.

24 (b) An institution that receives a notice to comply shall have no  
25 more than 30 days from the date of inspection to remedy the  
26 noncompliance.

27 (c) Upon achieving compliance, the institution shall sign and  
28 return the notice to comply to the ~~bureau board~~.

29 (d) A single notice to comply shall be issued listing separately  
30 all the minor violations cited during the inspection.

31 (e) A notice to comply shall not be issued for any minor  
32 violation that is corrected immediately in the presence of the ~~bureau~~  
33 ~~board~~ staff. Immediate compliance may be noted in the inspection  
34 report, but the institution shall not be subject to any further action  
35 by the ~~bureau board~~.

36 (f) A notice to comply shall be the only means the ~~bureau board~~  
37 shall use to cite a minor violation discovered during an inspection.  
38 The ~~bureau board~~ shall not take any other enforcement action  
39 specified in this chapter against an institution that has received a

1 notice to comply if the institution remedies the violation within  
2 30 days from the date of the inspection.

3 (g) If an institution that receives a notice to comply pursuant to  
4 subdivision (a) disagrees with one or more of the alleged minor  
5 violations listed in the notice to comply, an institution shall send  
6 the ~~bureau~~ board a written notice of disagreement. The agency  
7 may take administrative enforcement action to seek compliance  
8 with the requirements of the notice to comply.

9 (h) If an institution fails to comply with a notice to comply  
10 within the prescribed time, the ~~bureau~~ board shall take appropriate  
11 administrative enforcement action.

12 *SEC. 77. Section 94936 of the Education Code is amended to*  
13 *read:*

14 94936. (a) As a consequence of an investigation, and upon a  
15 finding that the institution has committed a violation of this chapter  
16 or that the institution has failed to comply with a notice to comply  
17 pursuant to Section 94935, the ~~bureau~~ board shall issue a citation  
18 to an institution for violation of this chapter, or regulations adopted  
19 pursuant to this chapter.

20 (b) The citation may contain either or both of the following:

21 (1) An order of abatement that may require an institution to  
22 demonstrate how future compliance with this chapter or regulations  
23 adopted pursuant to this chapter will be accomplished.

24 (2) Notwithstanding Section 125.9 of the Business and  
25 Professions Code, an administrative fine not to exceed five  
26 thousand dollars (\$5,000) for each violation. The ~~bureau~~ board  
27 shall base its assessment of the administrative fine on:

28 (A) The nature and seriousness of the violation.

29 (B) The persistence of the violation.

30 (C) The good faith of the institution.

31 (D) The history of previous violations.

32 (E) The purposes of this chapter.

33 (F) The potential harm to students.

34 (c) (1) The citation shall be in writing and describe the nature  
35 of the violation and the specific provision of law or regulation that  
36 is alleged to have been violated.

37 (2) The citation shall inform the institution of its right to request  
38 a hearing in writing within 30 days from service of the citation.

39 (3) If a hearing is requested, the ~~bureau~~ board shall select an  
40 informal hearing pursuant to Article 10 (commencing with Section

1 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the  
2 Government Code or a formal hearing pursuant to Chapter 5  
3 (commencing with Section 11500) of Part 1 of Division 3 of Title  
4 2 of the Government Code.

5 (4) If a hearing is not requested, payment of the administrative  
6 fine is due 30 days from the date of service, and shall not constitute  
7 an admission of the violation charged.

8 (5) If a hearing is conducted and payment of an administrative  
9 fine is ordered, the administrative fine is due 30 days from when  
10 the final order is entered.

11 (6) The ~~bureau~~ board may enforce the administrative fine as if  
12 it were a money judgment pursuant to Title 9 (commencing with  
13 Section 680.010) of Part 2 of the Code of Civil Procedure.

14 (d) All administrative fines shall be deposited in the Private  
15 Postsecondary Education Administration Fund.

16 *SEC. 78. Section 94937 of the Education Code is amended to*  
17 *read:*

18 94937. (a) As a consequence of an investigation, and upon a  
19 finding that an institution has committed a violation, the ~~bureau~~  
20 board may place an institution on probation or may suspend or  
21 revoke an institution's approval to operate for:

22 (1) Obtaining an approval to operate by fraud.

23 (2) A material violation or repeated violations of this chapter  
24 or regulations adopted pursuant to this chapter that have resulted  
25 in harm to students. For purposes of this paragraph, "material  
26 violation" includes, but is not limited to, misrepresentation, fraud  
27 in the inducement of a contract, and false or misleading claims or  
28 advertising, upon which a student reasonably relied in executing  
29 an enrollment agreement and that resulted in harm to the student.

30 (b) The ~~bureau~~ board shall adopt regulations, ~~within one year~~  
31 ~~of the enactment of this chapter~~, governing probation and  
32 suspension of an approval to operate.

33 (c) The ~~bureau~~ board may seek reimbursement pursuant to  
34 Section 125.3 of the Business and Professions Code.

35 (d) An institution shall not be required to pay the cost of  
36 investigation to more than one agency.

37 *SEC. 79. Section 94938 of the Education Code is amended to*  
38 *read:*

39 94938. (a) If the ~~bureau~~ board determines that it needs to make  
40 an emergency decision to protect students, prevent

1 misrepresentation to the public, or prevent the loss of public funds  
2 or moneys paid by students, it may do so pursuant to Article 13  
3 (commencing with Section 11460.10) of Chapter 4.5 of Part 1 of  
4 Division 3 of Title 2 of the Government Code.

5 (b) The ~~bureau~~ board shall, ~~by January 1, 2011,~~ adopt  
6 regulations to give this section effect pursuant to Section 11460.20  
7 of the Government Code.

8 *SEC. 80. Section 94939 of the Education Code is amended to*  
9 *read:*

10 94939. (a) The ~~bureau~~ board may bring an action for equitable  
11 relief for any violation of this chapter. The equitable relief may  
12 include restitution, a temporary restraining order, the appointment  
13 of a receiver, and a preliminary or permanent injunction. The action  
14 may be brought in the county in which the defendant resides or in  
15 which any violation has occurred or may occur.

16 (b) The remedies provided in this section supplement, and do  
17 not supplant, the remedies and penalties under other provisions of  
18 law.

19 *SEC. 81. Section 94941 of the Education Code is amended to*  
20 *read:*

21 94941. (a) An individual who has cause to believe that an  
22 institution has violated this chapter, or regulations adopted pursuant  
23 to this chapter, may file a complaint with the ~~bureau~~ board against  
24 the institution. The complaint shall set forth the alleged violation,  
25 and shall contain any other information as may be required by the  
26 ~~bureau~~ board.

27 (b) Taking into account the nature and seriousness of the alleged  
28 violation, the ~~bureau~~ board shall take action to ascertain the facts  
29 and to verify the complaint. The action may include interviewing  
30 institution management, conducting an investigation, holding an  
31 informal hearing, or other appropriate investigative activity.

32 (c) Upon the facts discovered, the ~~bureau~~ board shall take  
33 appropriate administrative enforcement action.

34 (d) If the ~~bureau~~ board finds that an institution's violation of  
35 this chapter has caused damage or loss to a student or group of  
36 students, the ~~bureau~~ board shall order the institution to provide  
37 appropriate restitution to that student or group of students.

38 (e) *The board shall establish a timeline by which complaints*  
39 *filed pursuant to this section shall be processed and establish*  
40 *procedures to prioritize complaints as follows:*

1 (1) “Urgent complaints” represent complaints regarding an  
2 immediate danger to the public health, safety, or welfare, and the  
3 board shall give these complaints the highest priority.

4 (2) “High-priority complaints” include complaints that could  
5 potentially pose a danger, but pose no immediate danger, to the  
6 public health, safety, or welfare. The board shall give high priority  
7 complaints less priority than urgent complaints but more priority  
8 than routine complaints.

9 (3) “Routine complaints” are complaints that do not pose any  
10 significant risk of harm to the public health, safety, or welfare.

11 SEC. 82. Section 94942 of the Education Code is amended to  
12 read:

13 94942. (a) The ~~bureau~~ board shall establish a toll-free  
14 telephone number staffed by a ~~bureau~~ board employee by which  
15 a student or a member of the public may file a complaint under  
16 this chapter.

17 (b) The ~~bureau~~ board shall make a complaint form available on  
18 its Internet Web site. The ~~bureau~~ board shall permit students and  
19 members of the public to file a complaint under this chapter  
20 through the ~~bureau’s~~ board’s Internet Web site.

21 SEC. 83. Section 94943 of the Education Code is amended to  
22 read:

23 94943. The following violations of this chapter are public  
24 offenses:

25 (a) Knowingly operating a private postsecondary institution  
26 without an approval to operate is an infraction subject to the  
27 procedures described in Sections 19.6 and 19.7 of the Penal Code.

28 (b) Knowingly providing false information to the ~~bureau~~ board  
29 on an application for an approval to operate is an infraction subject  
30 to the procedures described in Sections 19.6 and 19.7 of the Penal  
31 Code.

32 (c) Knowingly submitting, to the ~~bureau~~ board, false information  
33 that is required to be reported pursuant to Article 16 (commencing  
34 with Section 94928) is an infraction subject to the procedures  
35 described in Sections 19.6 and 19.7 of the Penal Code.

36 SEC. 84. Section 94943.5 of the Education Code is amended  
37 to read:

38 94943.5. An institution shall designate and maintain an agent  
39 for service of process within this state, and provide the name,  
40 address, and telephone number of the agent to the ~~bureau~~ board.

1 The ~~bureau~~ board shall furnish the agent's name, address, and  
2 telephone number to a person upon request.

3 *SEC. 85. Section 94944 of the Education Code is amended to*  
4 *read:*

5 94944. Notwithstanding any other provision of law, the ~~bureau~~  
6 board shall cite any person, and that person shall be subject to a  
7 fine not to exceed fifty thousand dollars (\$50,000), for operating  
8 an institution without proper approval to operate issued by the  
9 ~~bureau~~ board pursuant to this chapter.

10 *SEC. 86. Section 94944.5 of the Education Code is amended*  
11 *to read:*

12 94944.5. Each institution subject to this chapter shall be deemed  
13 to have authorized its accrediting agency to provide the ~~bureau~~  
14 board, the Attorney General, any district attorney, city attorney,  
15 or the Student Aid Commission, within 30 days of written notice,  
16 copies of all documents and other material concerning the  
17 institution that are maintained by the accrediting agency.

18 *SEC. 87. Section 94944.6 of the Education Code is amended*  
19 *to read:*

20 94944.6. Within 30 days of receiving a written notice from the  
21 ~~bureau~~ board, the Attorney General, district attorney, city attorney,  
22 or the Student Aid Commission pursuant to Section 94944.5, an  
23 accrediting agency shall provide the requesting entity with all  
24 documents or other material concerning an institution accredited  
25 by that agency that are designated specifically or by category in  
26 the written notice.

27 *SEC. 88. Section 94945 of the Education Code is amended to*  
28 *read:*

29 94945. (a) This chapter does not limit or preclude the  
30 enforcement of rights or remedies under any other applicable statute  
31 or law.

32 (b) This chapter does not limit or preclude the Attorney General,  
33 a district attorney, or a city attorney from taking any action  
34 otherwise authorized under any other applicable statute or law.

35 (c) *If the board has reason to believe that an institution's*  
36 *noncompliance with the provisions of this chapter or any other*  
37 *applicable law significantly transcends the interests of the*  
38 *individual complainant, or the board has determined that the*  
39 *complexity of the case requires additional expertise and resources,*

1 *the board shall contract with the Attorney General for investigative*  
2 *and prosecutorial services.*

3 *SEC. 89. Section 94948 of the Education Code is amended to*  
4 *read:*

5 94948. In addition to any other reporting requirements under  
6 this chapter, the ~~bureau~~ *board* shall provide regular updates to the  
7 Legislature by participating in annual oversight hearings conducted  
8 by the appropriate policy committees and budget subcommittees  
9 of the Senate and Assembly. The updates shall describe the  
10 ~~bureau's board's~~ progress in adopting and enforcing regulations  
11 and the provisions of this chapter.

12 *SEC. 90. Section 94949 of the Education Code is repealed.*

13 ~~94949. (a) On or before October 1, 2013, the Legislative~~  
14 ~~Analyst's Office shall report to the Legislature and the Governor~~  
15 ~~on the appropriateness of the exemptions provided in this chapter,~~  
16 ~~with particular attention to the exemptions provided by Article 4~~  
17 ~~(commencing with Section 94874) that are based on accreditation.~~  
18 ~~The report shall examine and make recommendations regarding~~  
19 ~~the degree to which regional and national accrediting agencies~~  
20 ~~provide oversight of institutions and protection of student interests;~~  
21 ~~whether that oversight results in the same level of protection of~~  
22 ~~students as provided by this chapter, and whether the exemptions~~  
23 ~~provided in Article 4 (commencing with Section 94874) that are~~  
24 ~~based on accreditation should be continued, adjusted, or removed.~~

25 ~~(b) (1) On or before August 1, 2013, the bureau shall contract~~  
26 ~~with the California State Auditor's Office to conduct a performance~~  
27 ~~audit to evaluate the effectiveness and efficiency of the bureau's~~  
28 ~~operations, consistent with the requirements of this chapter, and~~  
29 ~~the California State Auditor's Office shall report the results of that~~  
30 ~~audit to the Legislature and the Governor.~~

31 ~~(2) The performance audit required by paragraph (1) shall~~  
32 ~~include, but shall not be limited to, an evaluation of all of the~~  
33 ~~following:~~

34 ~~(A) The Student Tuition Recovery Fund, including the adequacy~~  
35 ~~of its balance; the quality, timeliness, and consistency of claims~~  
36 ~~processing; and the degree to which it has been, or will be, able~~  
37 ~~to reimburse tuition for students.~~

38 ~~(B) The bureau's enforcement program, including the means~~  
39 ~~by which the bureau makes students and school employees aware~~  
40 ~~of their ability to file complaints; the average time for investigating~~



1 complaints; the standards for referring complaints to investigation;  
2 the average time to complete investigations; the adequacy of the  
3 bureau's inspections; the bureau's record of imposing discipline;  
4 the bureau's record of initiating investigations based upon publicly  
5 available information; the bureau's record of coordinating with  
6 law enforcement and public prosecutors; and whether the bureau  
7 has the enforcement resources necessary to protect consumers and  
8 ensure a fair and prompt resolution of complaints and investigations  
9 for both students and institutions.

10 (C) The bureau's efforts with respect to, and extent of institution  
11 compliance with, the public and student disclosure requirements  
12 of this chapter.

13 (D) Whether the bureau's staffing level and expertise are  
14 sufficient to fulfill its statutory responsibilities.

15 (e) Bureau staff and management shall cooperate with the  
16 Legislative Analyst's Office and the California State Auditor's  
17 Office and shall provide those agencies with access to data, case  
18 files, employees, and information as those agencies may, in their  
19 discretion, require for the purposes of this section.

20 *SEC. 91. Section 94949 is added to the Education Code, to*  
21 *read:*

22 94949. (a) *The board shall contract for an independent review*  
23 *of its staffing resources, and provide the Legislature a copy of this*  
24 *review along with an overview of how the board intends to ensure*  
25 *its staff are sufficiently qualified for purposes of implementing the*  
26 *provisions of this chapter, within 30 days of the completion of the*  
27 *independent review.*

28 (b) (1) *A report to be submitted pursuant to subdivision (a)*  
29 *shall be submitted in compliance with Section 9795 of the*  
30 *Government Code.*

31 (2) *Pursuant to Section 10231.5 of the Government Code, this*  
32 *section is repealed on January 1, 2019.*

33 **SECTION 1.**

34 *SEC. 92. Section 94950 of the Education Code is amended to*  
35 *read:*

36 94950. *This chapter shall remain in effect only until January*  
37 *1, 2019 2017, and as of that date is repealed, unless a later enacted*  
38 *statute, that is enacted before January 1, 2019 2017, deletes or*  
39 *extends that date.*

1     ~~SEC. 2.~~

2     *SEC. 93.* No reimbursement is required by this act pursuant to  
3     Section 6 of Article XIII B of the California Constitution because  
4     the only costs that may be incurred by a local agency or school  
5     district will be incurred because this act creates a new crime or  
6     infraction, eliminates a crime or infraction, or changes the penalty  
7     for a crime or infraction, within the meaning of Section 17556 of  
8     the Government Code, or changes the definition of a crime within  
9     the meaning of Section 6 of Article XIII B of the California  
10    Constitution.

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